

WHAT IS THE POTENTIAL IMPACT ON THE DEPARTMENT OF DEFENSE (DOD)
MILITARY TREATMENT FACILITY (MTF) PHARMACIES DUE TO THE
INCREASED COPAYS AND THE DISENROLLMENT OF A
RETAIL PHARMACY FROM THE TRICARE NETWORK?

A thesis presented to the Faculty of the U.S. Army
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General Studies

by

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ABSTRACT

WHAT IS THE POTENTIAL IMPACT ON THE DEPARTMENT OF DEFENSE (DOD) MILITARY TREATMENT FACILITY (MTF) PHARMACIES DUE TO THE INCREASED COPAYS AND THE DISENROLLMENT OF A RETAIL PHARMACY FROM THE TRICARE NETWORK?, by Major Veronica L. Hager, 143 pages.

Department of Defense (DoD) implemented an increase in Triple Option Benefit Plan Available for Military Families (TRICARE) copayments, which DoD military and dependents will pay, if they use the TRICARE Retail Network Pharmacies and the TRICARE Pharmacy Home Delivery system. Another change is that Walgreens retail pharmacy is no longer in the TRICARE Retail Network Pharmacy, so (DoD) military and dependents will no longer be able to use their TRICARE benefits at Walgreens. This study provided insight into the impact on the DoD Military Treatment Facility (MTF) Pharmacies.

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ACRONYMS

DoD	Department of Defense
FY	Fiscal Year
GAO	Government Accountability Office
MTF	Military Treatment Facility
P&T	Pharmacy and Therapeutics
RX	Prescription
TRICARE	Triple Option Benefit Plan Available for Military Families

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CHAPTER 1

INTRODUCTION

Research Question

TRICARE “stands for Triple option benefit plan available for military families.”¹ TRICARE Pharmacy benefits have changed recently. The first change took place on 1 October 2011. The Department of Defense (DoD) approved prescription copay increases for generic, brand, and non-formulary medications at TRICARE Retail Network Pharmacies and for brand and non-formulary drugs at the TRICARE Pharmacy Home Delivery, formerly called TRICARE Mail Order Pharmacy. This was the first increase, since 2002.² The increase was in the works for several years and is still on the agenda for additional changes in the near future, potentially a percentage based copay for prescription medications.³ The second change was that Walgreens, one of the largest retail pharmacies in the United States, did not renew their contract with Express Scripts, the pharmacy benefit manager for TRICARE. According to the *Houston Chronicle*, Walgreens did not feel Express Scripts is providing an adequate reimbursement.⁴ Walgreens was responsible for filling over 530,000 TRICARE patients’ prescriptions last year, which was approximately 17 million prescriptions or 22.65 percent of the total retail filled prescriptions.⁵ A total of 7,919 Walgreens Pharmacies left the TRICARE retail network, which is approximately 14 percent of the total retail pharmacies available through the TRICARE Retail Pharmacy Network.⁶ TRICARE beneficiaries still have have approximately 57,000 other pharmacies to choose from in the TRICARE Retail Pharmacy Network.⁷ The increase in copayments and the disenrollment of a retail pharmacy from the TRICARE Pharmacy Network may affect where active duty military

and family members get their prescriptions filled in the future. The purpose of this research is to determine the potential combined effects that changes in the TRICARE pharmacy copayment structure and the disenrollment of a significant retail pharmacy, specifically Walgreens, from the TRICARE network, will have on the DoD Military Treatment Facility (MTF).⁸

This research will answer the question by answering several secondary research questions. The study will identify if the copayments will increase in the future; when they will increase; and how much they will increase if Congress does not intervene. Many variables contribute to where patients fill their prescriptions, so the research will identify patient preferences to determine whether the increase in copayments and the disenrollment of a retail pharmacy network will send patients back to the DoD MTF Pharmacy or to TRICARE Pharmacy Home Delivery, and as a subset, the researcher will analyze data to determine where Walgreens' TRICARE beneficiaries filled their prescriptions after the disenrollment of the retail pharmacy from the TRICARE Retail Pharmacy Network. The researcher will accomplish this by looking at data to determine where patients filled their prescriptions before and after the TRICARE copayment changes and the disenrollment of the retail pharmacy. The increase and or decrease in workload in the DoD MTF Pharmacy or TRICARE Pharmacy Home Delivery will identify whether there will be an impact on the DoD MTF Pharmacy. The research will attempt to identify changes that DoD MTF pharmacies are making due to the TRICARE copayment increases and the disenrollment of the retail pharmacy network as well as what changes pharmacies have made to improve efficiency and safety due to increased pharmacy workload. It is uncertain that other pharmacies in the TRICARE Retail

Pharmacy Network will opt out of the network. If others opt out then the TRICARE beneficiaries will have less choice in the retail setting. This research will attempt to discern whether the failed negotiations between Express Scripts and Walgreens will propel other retail pharmacies to follow suit.

The research questions will provide significant quantitative and qualitative data to determine if the changes in the TRICARE Retail Pharmacy Network and the increase in TRICARE copayments will shift patients to the DoD MTF pharmacies and the impact the shift may cause. The research will also provide information that can help planners plan accordingly to take care of patients safely and efficiently.

Background

TRICARE Pharmacy Service provides prescription coverage to 9.7 million active duty, dependents, and military retirees by offering three different options beneficiaries may use to ensure that DoD beneficiaries have appropriate access to care.⁹ TRICARE pharmacy service permits eligible beneficiaries to obtain their prescription medications from a DoD MTF Pharmacy, any one of some 60,000 TRICARE Retail Pharmacies, or the TRICARE Pharmacy Home Delivery System.¹⁰ In 2011, TRICARE Pharmacy Service dispensed 142.1 million prescriptions worth approximately \$6.8 billion to approximately 9.7 million unique individuals.¹¹ The Floyd D. Spence National Defense Authorization Act for Fiscal Year (FY) 2001 authorized retired military and dependents age 65 and older to receive their medications at the mail order and retail network for a small copayment. This allowed retirees and their dependents age 65 and older to have alternative options, since many do not live close to a MTF and or the MTF Pharmacy may not carry their prescription due to the limited formulary.¹²

Each option has advantages and disadvantages. The DoD MTF Pharmacy has several advantages. The main advantage is that prescriptions filled at the MTF do not cost the patient anything. The MTF purchases medications through contracts based on federal drug acquisition rules, which saves the DoD money. DoD MTF pharmacies also stock both prescription and over-the-counter medications. Patients can receive many of the over-the-counter medications without a prescription or a fee. Another advantage is that patients will always receive personal contact at the DoD MTF Pharmacy. The main disadvantage of the DoD MTF Pharmacy is a limited formulary, which is a list of medications the DoD MTF can stock. The MTF Pharmacy formulary usually has less prescription medications than the retail or TRICARE Pharmacy Home Delivery. Each MTF Pharmacy must contain all medications on the DoD Basic Corps Formulary. The Basic Corps Formulary contains therapeutically effective medications for almost every therapeutic class with the intent to treat a majority of military beneficiaries' therapeutic needs. MTF pharmacies may also have medications included on the DoD Uniform Formulary, which usually contains newer medications and additional therapeutic alternative medications. They may not carry any medications designated as DoD non-formulary medications on the DoD Uniform Formulary.¹³ Patients who fill their prescriptions at the DoD MTF Pharmacy receive up to 90 days of medication at no charge. Internal Pharmacy and Therapeutics (P&T) Committees and the DoD Pharmacoeconomic Center govern the DoD MTF Pharmacy formularies, which means that the DoD MTF pharmacies do not stock every medication. The DoD Pharmacoeconomic Center analyzes medications based on efficacy and cost on a regular basis for inclusion into the Basic Core Formulary. The DoD MTF Formulary contains

therapeutic alternatives that are just as beneficial as the DoD non-formulary medication and less expensive for most disease states. The local P&T Committee may vote to add some medications to the DoD MTF Pharmacy formulary, based on efficacy, therapeutic alternatives, and cost, if the medication is not currently available at the DoD MTF Pharmacy. If the medication is DoD non-formulary, then the DoD MTF Pharmacy may not routinely stock the medication, but the MTF may have internal mechanisms to obtain the medication, if the patient meets medical necessity criteria. The other options for the patients that cannot or do not want to fill their medication at the local DoD MTF Pharmacy can use one of the other TRICARE benefit locations, but filling medications at the local DoD MTF Pharmacy is, in theory, the least expensive to the patient and the DoD.¹⁴

The TRICARE Pharmacy Home Delivery, formerly called the TRICARE Mail Order Pharmacy, is the second TRICARE Pharmacy option for eligible beneficiaries. Currently, most of the active duty deployed service members use this system to obtain their maintenance medications in theater, but it is also available to active duty, dependents, and retirees in the United States and at overseas military installations. This system also allows patients to receive up to 90 days of their medications, but mailed to the address of their choice. The TRICARE Pharmacy Home Delivery uses the DoD Uniform Formulary, which has the three-tier system. Tier 1 prescriptions are generic formulary medications. Tier 2 prescriptions are brand name formulary medications, and Tier 3 prescriptions are designated DoD non-formulary.¹⁵ Some disadvantages of this option are that the TRICARE Pharmacy Home Delivery may not mail certain medications. There are also certain medications not covered such as over-the-counter

medications. Another disadvantage is that both brand name (tier 2) and non-formulary medications (tier 3) require a copayment. If patients receive generic medications there is no fee; brand name medications have a \$9 copay; and DoD non-formulary medications have a \$25 copay. TRICARE Pharmacy Home Delivery will not provide certain medications; such as refrigerated medications to overseas locations, over-the-counter medications, and smoking cessation medications. Medical necessity may also be required for DoD non-formulary medications to benefit from a reduced copayment. The copayments recently changed on 1 October 2011, which was the beginning of the new fiscal year. The generic medications actually have a decreased copayment. The generic medications went from \$3 to \$0. This decrease in copayments for the generic medications at the TRICARE Pharmacy Home Delivery provides an additional incentive, besides the day's supply, to use the mail order versus the TRICARE Retail Pharmacy Network. The TRICARE Retail Pharmacy Network had an increase in the copayments for brand name and DoD non-formulary medications. The brand name medication increased to a \$12 copay, from \$9, and DoD non-formulary medications increased from \$22 to a \$25 copay. The copayments had not increased since 2002.¹⁶

The vast TRICARE Pharmacy Retail Network is the final option beneficiaries possess. Over 60,000 pharmacies, chains and independent pharmacies alike, currently participate in the TRICARE Retail Network. An advantage of the TRICARE Pharmacy Retail Network is face to face contact and convenience. The disadvantage of the TRICARE Retail Network Pharmacies are, they only dispense 30 days of a medication and charge a copay for generic, brand name, and non-formulary medications. Another disadvantage is that effective 1 January 2012, Walgreens' 7919 stores, dropped from

participating in the TRICARE Network due to failed negotiations with DoDs retail network administrator and partner, Express Scripts, Inc.¹⁷ Walgreens felt that Express Scripts, TRICARE's pharmacy benefits manager, did not provide enough reimbursement to cover the cost of the prescription medications.¹⁸ The TRICARE Retail Network Pharmacy also had a significant increase in copayments. Beginning 1 October 2011 the TRICARE Retail Network Pharmacy copays increased from \$3 to \$5 for generic medications, from \$9 to \$12 for brand name medications, and from \$22 to \$25 for DoD non-formulary medications. These prices are for a 30 days of medications.¹⁹ Home delivery and MTF pharmacies will provide 90 days of medication. These copays have not increased in approximately 10 years.²⁰ The TRICARE Retail Network Pharmacy Program is the most expensive option for the patient and the government.

Table 1 summarizes the advantages and disadvantages of the pharmacy points of service. This is not an all inclusive list. Patients prefer different points of service for many different reasons and many patients have utilized all three different points of service at one time or another. Some other reasons patients choose one point of service over another may include waiting time, convenience, and pharmacist-patient contact.

Table 1. Advantages and Disadvantages of Pharmacy Points of Service

Pharmacy Option	Advantage	Disadvantage
MTF	<ul style="list-style-type: none"> • No copayment • Up to 90 days of prescription • Includes selection of over-the-counter medications • Face-to-face encounters 	<ul style="list-style-type: none"> • Limited Formulary • Most are located on a military installation
TRICARE Pharmacy Home Delivery	<ul style="list-style-type: none"> • Generic medications no copay • Up to 90 days of prescription 	<ul style="list-style-type: none"> • Brand (\$9) and DoD Non-formulary (\$25) medications have copayment • Does not include most over-the-counter medications • Certain Medications not covered (smoking cessation, refrigerated items overseas) • No face-to-face contact
Retail Pharmacy	<ul style="list-style-type: none"> • Large formulary • Includes over 57,000 pharmacies • Face-to-face encounters 	<ul style="list-style-type: none"> • No over-the-counter medications • Only 30 days at a time • Copayment (\$6, \$12, \$25)

Source: Created by Author.

DoD pharmacy benefits have been a hot topic in the government for many years. The National Defense Authorization Act for FY 2001, directed the DoD to create a retail pharmacy network in April 2001 and offer the retail pharmacy network and the mail order pharmacy to TRICARE beneficiaries and retirees over 65, called TRICARE Senior Pharmacy under TRICARE for Life.²¹ Since its inception, the Retail Network Pharmacy use has increased dramatically, more than the national pharmaceutical spending, which has significantly increased the cost to the government.²² Approximately 1.8 million retirees and family members used TRICARE for Life and 10 percent use only the pharmacy benefits. In 2008, 3.4 million retired beneficiaries under the age of 65 also used TRICARE benefits.²³ The Retail Pharmacy Network costs to the government are much larger than the associated costs in the DoD MTFs and or TRICARE Pharmacy Home Delivery. Retail pharmacies do not benefit from the same cost savings pharmaceutical contracts the DoD MTF pharmacies receive, which makes the TRICARE Retail Pharmacy Network a more expensive point of service to the United States government. The DoD costs associated with prescription medications in the retail network, from 2000 to 2006, went from \$455 million to \$3.9 billion and up to \$4.8 billion in 2010.²⁴ The increased cost in the retail network was due to an increased prescription workload at the TRICARE Retail Network and potentially the increased number of Food and Drug Administration approved medications from 2000 to 2011. However, the cost to the DoD in FY11 decreased, which is partially due to the patent expiration of the top 10 prescribed medications in the United States.²⁵ Approximately, 70.8 percent of the total prescription market share in FY 2011 were generic medications.²⁶ The DoD pharmacy expenditures are increasing approximately 2.2 percent per year, which is above the National average of

1.2 percent.²⁷ The government has been trying to decrease the expense to the government for several years. The government increased copayments in 2002, but has not increased since that time.²⁸ The government also receives retail rebates and refunds. The different tiers in TRICARE also help to reduce costs by requiring a different copayment for each. Over the last few years, generic prescription use is trending upward. In 2011, over 70 percent of the medications were generic medications, which played a big role in decreasing the amount spent on total prescriptions by 7.6 percent.²⁹ These initiatives are reducing the cost to the government, but \$6.8 billion is still a significant amount of government spending. The government has been looking to increase the copayments for TRICARE beneficiaries to offset some of the cost, but the increase in copayments, had not changed since 2002, until 2011.³⁰

In the document, “Living Within Our Means and Investing in the Future The President’s Plan for Economic Growth and Deficit Reduction”, President Obama’s vision is to eliminate copays and go to a percentage based system on the cost of the medication, similar to the civilian sector, for the TRICARE Retail Network Pharmacy coverage.³¹ The most recent change signed by President Obama was for copays to increase. According to the FY 2013 Presidential Budget, the pharmacy copayments will continue to increase in the future due to budget constraints and our National Debt.³² The Congressional Budget Office estimates that an increase in pharmacy copayments will save the government approximately \$880 million in 2012.³³ The DoD FY 2013 Budget Request Overview proposes to increase copayments over the next few years, specifically targeting brand name prescriptions and non-formulary medications, established by the DoD Pharmacoeconomic Center. The FY 2013 Budget Requests recommend copayment

increase for FY 2013 in the TRICARE Retail Network from \$12 for generic medications to \$26, and not covering any cost of non-formulary medications. The FY 2013 Budget Request has a plan to increasing the cost at the TRICARE Retail and mail order network to \$9 for generic medications and \$34 for brand name prescriptions by FY 2017. The retail network provides a 30 day medication supply, the mail order provides 90 days for the same cost. Beneficiaries may receive 90 days medication supply at the TRICARE Retail Pharmacy Network, but they will pay three copayments. The copayment for non-formulary medications at the TRICARE Pharmacy Home Delivery (mail order) in FY 2012 is \$25, but the projected copayment in FY17 is \$66.³⁴

Most patients choose which TRICARE pharmacy benefit fits best for them. It is unknown whether the increase in copayments and the disenrollment of retail pharmacy networks from TRICARE will have an impact on the DoD MTF pharmacies. The patients will still have a choice between the DoD MTF Pharmacy, the Retail Network Pharmacy, and the Pharmacy Home Delivery for their prescription needs. The cheapest option for the patient and the government is the DoD MTF Pharmacy. Many of the projected increases in copays are steering patients to the DoD MTF Pharmacy to decrease the costs to the government.

Assumptions

It is unknown what the effect of the increased copays and the disenrollment of Walgreens from the TRICARE network will have on the DoD MTF pharmacies. Potentially, this will cause a shift in TRICARE eligible patients back to the DoD MTF pharmacies. Especially with today's economy, patients may seek the most cost effective options such as the Home Delivery Pharmacy or the DoD MTF pharmacies. The shift of

patients to the DoD MTF pharmacies potentially may cause an increase in prescription load, an increase in prescription transfers, an increase in the formulary, and an increase in pharmaceutical spending due to large formulary and the extra staff and renovations required to take care of the increased prescription load.

One assumption for this study is that the economy will stay the same. If the economy shifts drastically in either direction, the results of the study may change. If the economy improves, the increase in copayments may not affect where patients obtain their medications, and may continue to utilize the TRICARE Retail Pharmacy Network. If the economy falters, then more stringent budget cuts may be necessary and potentially patients close to a MTF will seek to save money by avoiding the TRICARE Retail Pharmacy Network.

Another assumption is that the outcome of the Presidential election will not affect the proposed changes to TRICARE. A new President may elect to revamp the deficit reduction plan and have a different strategy to recapture DoD healthcare costs. TRICARE pharmacy copayments may increase or decrease.

Any changes in the economy or to the Presidential deficit reduction plan may affect the relevance of the study. A stable economy and a President that remains aligned with the plan to reduce DoD healthcare costs are necessary for relevancy of the study.

Definitions

Basic Core Formulary. The DoD Pharmacoeconomic Center determines the Basic Core Formulary. The Basic Core Formulary is a list of medications that each DoD MTF Pharmacy must carry in their pharmacy. The list contains the most efficacious and cost effective medications in a certain therapeutic class.³⁵

DoD Non-formulary Medications (Tier 3). The DoD Pharmacoeconomic Center also determines DoD Non-formulary medications. These medications require a medical necessity, which is a list of criteria the patient needs to meet, prior to receiving the medication. The DoD MTF Pharmacy usually has a therapeutic alternative that is just as effective or more effective and more cost efficient, on the DoD Basic Core Formulary or Uniform Formulary as Tier 1 or Tier 2. The DoD MTF may not stock this medication, but may be able to fill the medication on a case-by-case basis.³⁶

DoD Pharmacoeconomic Center. The DoD Pharmacoeconomic Center is responsible for analyzing medications' efficacy, safety, and cost for inclusion in the DoD Uniform Formulary. They support the DoD P & T Committee with technical and administrative support.³⁷

Formulary. A formulary is a group of medications that a pharmacy will stock. The pharmacy will try to have a small quantity of each medication listed on the formulary available and ready to dispense to patients with a valid prescription. The P&T Committee decides the formulary.

Pharmacy and Therapeutics Committee. A P&T Committee is a committee that reviews different medications for inclusion into the pharmacy formulary. This committee looks at therapeutic alternatives, efficacy data, drug interactions, adverse drug reactions, and cost. The committee votes together with a chair once they review the information. The Pharmacoeconomic Center has a P&T Committee that decides on the DoD Basic Core Formulary, DoD Uniform Formulary, and the DoD Non-formulary medications. Each DoD MTF has a P&T Committee.

Prescription Transfer. A patient may transfer a prescription currently filled at one pharmacy to a different pharmacy of choice without seeing a provider, as long as the prescription has refills, and is not expired.³⁸

TRICARE. TRICARE is the system that governs active duty, dependents, and retirees health care services. TRICARE brings together the military health care system with network health care systems to include pharmacies, to ensure that beneficiaries receive the necessary care.³⁹

Uniform Formulary. The DoD Pharmacoeconomic Center also determines the Uniform Formulary. The Uniform Formulary is a three-tier system. Tier 1 medications are generic formulary medications. Tier 2 medications are brand name formulary medications. Tier 3 medications are those medications that the DoD established as non-formulary medications. DoD MTF pharmacies do not stock Tier 3 medications. The Uniform Formulary contains medications that may or may not be stocked at every DoD MTF Pharmacy. Local DoD MTF P&T Committees determine which Tier 1 and Tier 2 medications to stock at the DoD MTF Pharmacy. Oncology medications may be Tier 1 or Tier 2 medication, but not on the Basic Corps Formulary. The DoD MTF may not have an oncology clinic, and therefore the MTF Pharmacy may not have the oncology medications on their local formulary. Medications associated with a specific specialty such as oncology are on the Uniform Formulary. Not all DoD MTFs have this specialty, so they may not require these medications on their formulary.⁴⁰

Limitations

This study will try to discover the trends associated with the increased copays and the disenrollment of Walgreens, as well as the impact of any future changes to the

pharmacy benefits. One limitation to the study is the limited study period available to evaluate the shifts in prescriptions, since Walgreens recently withdrew from the TRICARE Retail Network. This study will be able to review data prior to the withdrawal for up to a year, but will only review four months to six months of data after the change. Another limitation is that there is not a direct way to know if the patients that went to Walgreens now go to a different retail pharmacy, use mail order, or go to the MTF. A limitation is that the study will look at data from the past to determine the potential effects of the future. Another potential limitation is the study will review a subset of the population and will not be able to review the total population. The study is also very broad, with many variables, and could have multiple effects. The patients still have choices such as the Pharmacy Home Delivery System, the Retail Network Pharmacy, and the DoD MTF Pharmacy, but this study will focus on the potential impact of the DoD MTF Pharmacy based on the data collection. This study will provide a basis to project the future impact on DoD MTF pharmacies.

Delimitations

This study will only look at active duty and dependents, potentially retirees and their family members that use the TRICARE System, which is only a subset of patients that use TRICARE Pharmacy Services. One survey will only survey officers attending the Command and General Staff College. This limits the data collection to those officers that have reached the rank of Captain to Lieutenant Colonel. The survey may reach a population that may include active duty, active National Guard, and Reserve Officers. The study will not be able to obtain data from every TRICARE beneficiary population.

The data collected does not include every DoD MTF Pharmacy, which is an additional delimitation. Every branch of service, Army, Navy, and Air Force has DoD MTF pharmacies. This study will focus efforts on the Army MTF pharmacies and the Joint MTF pharmacies and will include data collection at the DoD MTF pharmacies that volunteer to provide information. This study will not review 100 percent of all DoD MTF pharmacies.

Significance

The significance of this study will help to identify trends to determine if more patients will shift to the DoD MTF pharmacies or stay with their point of service. This study will also try to identify trends on where potential Walgreens patients fill their prescriptions after the Walgreens disenrollment. These trends are important to DoD MTF Hospital Commanders, Pharmacy Chiefs, and planners such as Human Resource managers, facilities, budget personnel, and logisticians. It also may help DoD to know this information for future planning, by providing DoD budget personnel data that may identify trends, to determine if the increase in copayments is enough to steer patients to the TRICARE Pharmacy Home Delivery or the DoD MTF Pharmacy.

One of the major goals of the military health care system is to provide timely and effective health care to patients when they need it. This means planning at all levels to include the pharmacy. The pharmacy sees all patients that enter the DoD MTF Pharmacy plus retirees. If patients are shifting from the retail network due to increased costs, then this may potentially shift the patients to the DoD MTF pharmacies and increase the numbers of patients going through the DoD MTF Pharmacy. This may potentially increase the numbers of prescriptions per day and may necessitate the need to perform

renovations to accommodate the increased volume of patients. This may also require increased budget requirements for the pharmacy. The pharmacy will need to purchase more prescriptions to accommodate the increase in prescriptions and may potentially need to purchase more DoD Non-formulary medications, and increase the formulary to accommodate more Uniform Formulary medications. Pharmacy chiefs and Hospital Commanders need to be aware of a potential increase in costs, especially now, due to the projected decreased DoD budget. If the study shows that more patients are going to the MTF, then potentially resource management will need to hire additional personnel to accommodate the increased workload.

This study is significant to help DoD MTF Hospital Commanders, Pharmacy Chiefs, and Hospital Planners plan accordingly, to ensure appropriate resource allocation to accommodate the patients, so that the DoD MTF can meet their goal of taking care of the patients in a timely and effective manner and meeting the vision of Army Health Care inspiring trust.⁴¹

¹TRICARE Management Activity, "FAQ: Question and Answer," <http://www.tricare.mil/fraud/index.cfm?fuseaction=FAQ.showOneFAQ&FAQID=13&FAQGroupID=0&searchWords=> (accessed 23 April 2012).

²Patrica Kime, "Tricare drops mail-order co-pay, raises in-store rates," *Marine Corps Time*, 19 September 2011, http://inforweb.newsbank.com.lumen.cgsccarl.com/iw-search/we/InfoWeb?p_product=NewsBank&p_theme=aggregated5&p_action=doc&p_docid=13A2699278CEFFDO&d_place=MTMB&f_issue=2011-09-19&f_publisher= (accessed 18 March 2012).

³Aaron Fentress, "Obama Proposes TRICARE Changes," *The American's Intelligence Wire*, 9 September 2011, <https://go.galegroup.com.lumen.cgsccarl.com/ps/i.do?action=interpret&id=GALE%7CA267514021&v=2.1&u=97mwrlib&it=r&p=ITOF&sw=w&aughCount=1#contentcontainer> (accessed 18 March 2012).

⁴“Walgreen, Express Scripts at Impasse,” *The Houston Chronicle*, 22 June 2011, <http://go.galegroup.com/lumen.cgscarl.com/ps/i.do?id=GALE%7CA259544807&v=2.1&u=97mwrlib&it=r&p=ITOF&sw=w> (accessed 25 March 2012).

⁵Patricia Kime, “CVS Seeks Customers Shut Out of Walgreens,” *The Army Times*, 4 January 2012, <http://www.armytimes.com/news/2012/01/military-tricare-cvs-seeks-walgreens-customers-010412w/> (accessed 31 October 2012); Drugstorenews.com, “ESI Impact Shows in Short Term,” Walgreens Annual Report 2012, 27 February 2012, http://drugstorenews.com/sites/drugstorenews.com/files/WalgreensReport_022712_LOW.pdf (accessed 4 October 2012); Roger F. Williams, “Walgreens Prescription Workload Report October 2010 to September 2012,” TRICARE Management Activity, PDTS data.

⁶Donna Miles, “TRICARE Promises Continued Access to Prescription Meds,” *American Forces Press Service*, <http://www.defense.gov/news/newsarticle.aspx?id=65353> (accessed 1 October 2012); Walgreens, “Store Count by State,” Website, 31 July 2012, http://news.walgreens.com/article_display.cfm?article_id=1044 (accessed 6 October 2012); TRICARE Website states there are 57,000 pharmacies, Walgreens states that they have 7,919 Walgreens pharmacies = approximately 14 percent of the retail pharmacy network.

⁷TRICARE, “TRICARE Retail Network Pharmacy,” 30 August 2012, <http://tricare.mil/mybenefit/home/Prescriptions/FillingPrescriptions/RetailNetworkPharmacy> (accessed 6 October 2012).

⁸Kime, “CVS Seeks Customers Shut Out of Walgreens;” Kime, “Tricare drops mail-order co-pay, raises in-store rates.”

⁹Thomas J. McGinnis, “Overview on DoD Pharmacy” (2012 Military Health System Conference, Tricare Management Activity, 31 January 2012).

¹⁰TRICARE, *Tricare Pharmacy Program Handbook*, September 2011, [http://www.med.navy.mil/sites/nmcsl/Patients/Documents/TRICARE_Pharmacy_Program_Handbook_2011_LoRes\[1\].pdf](http://www.med.navy.mil/sites/nmcsl/Patients/Documents/TRICARE_Pharmacy_Program_Handbook_2011_LoRes[1].pdf) (accessed 21 March 2012).

¹¹TRICARE, *Tricare Pharmacy Program Handbook*; TRICARE, “TRICARE Retail Network Pharmacy,” 4 January 2012, <http://www.tricare.mil/mybenefit/ProfileFilter.do;jsessionid=PrGDG3SqLmGTRdvlQJw1n24vJIRshNYMhm2Mnxx6qK1bQKLdWWLv!-1845536238?puri=%2Fhome%2FPrescriptions%2FfillingPrescriptions%2FRetailNetworkPharmacy> (accessed 21 March 2012); TRICARE, “Pharmacy Costs,” 4 January 2012, <http://www.tricare.mil/mybenefit/home/Prescriptions/Costs> (accessed 21 March 2012); McGinnis, “Overview on DoD Pharmacy.”

¹²General Accounting Office, *DOD and VA Pharmacy Progress and Remaining Challenges in Jointly Buying and Mailing Out Drugs: Report to Congressional Requesters* (Washington, DC: General Accounting Office, May 2001), 6.

¹³The Department of Defense Pharmacoeconomic Center, “Formulary Information-Basic Core Formulary (BCF),” 15 March 2012, <http://pec.ha.osd.mil/bcf.php?submenuheader=1> (accessed 6 October 2012).

¹⁴Department of Defense Pharmacoeconomic Center, PEC Webmaster, 15 March 2012, <http://pec.ha.osd.mil/index.php> (accessed 22 March 2012).

¹⁵TRICARE, “Glossary,” <http://www.tricare.mil/mybenefit/Glossary.do?F=U> (accessed 6 October 2012).

¹⁶TRICARE, *Tricare Pharmacy Program Handbook*; TRICARE, “TRICARE Pharmacy Home Delivery,” 4 January 2012, <http://www.tricare.mil/mybenefit/home/Prescriptions/FillingPrescriptions/TMOP> (accessed 25 March 2012); TRICARE, “Medications Not Covered By TRICARE,” 15 March 2012, <http://www.tricare.mil/mybenefit/home/Prescriptions/Medications/NotCovered> (accessed 25 March 2012); Terry Howell, “Copayment for TRICARE Meds Changing Oct. 1,” *Military.Com*, 8 September 2011, <http://militaryadvantage.military.com/2011/09/tricare-medication-copayment-changes-coming/> (accessed 25 March 2012).

¹⁷Walgreens, “Store Count by State.”

¹⁸Walgreen, “Express Scripts at Impasse.”

¹⁹Howell.

²⁰Kime, “Tricare drops mail-order co-pay, raises in-store rates.”

²¹Geoffrey F. Joyce et al., *Pharmacy Use and Costs in Employer-Provided Health Plans Insights for TRICARE Benefit Design from the Private Sector* (Santa Monica, CA: RAND Cooperation, 2005), 1.

²²*Ibid.*, 4.

²³Congressional Budget Office, *The Effects of Proposals to Increase Cost Sharing in TRICARE*, June 2009, <http://www.cbo.gov/publication/41188> (accessed 20 November 2012).

²⁴Thomas McGinnis, “TRICARE to see 25-percent drop in retail drug costs,” *Northwest Florida Daily News*, 30 August 2008, <http://lumen.cgsccarl.com/login?url=http://proquest.umi.com.lumen.cgsccarl.com/pqdweb?did=1547167761&Fmt=3&clientId=5094&RQT=309&VName=PQD> (accessed 25 March 2012); McGinnis, “Overview on DoD Pharmacy.”

²⁵Melly Alazraki, “The 10 Biggest-Selling Drugs That are About to Lose Their Patent,” *Daily Finance*, 27 February 2011, <http://www.dailyfinance.com/2011/02/27/top-selling-drugs-are-about-to-lose-patent-protection-ready/> (accessed 19 November 2012).

- ²⁶McGinnis, “Overview on DoD Pharmacy,” 11-18.
- ²⁷Congressional Budget Office, *Long-Term Implications of the 2012 Future Years Defense Program*, June 2011, <http://www.cbo.gov/publication/41535> (accessed 20 November 2012).
- ²⁸Peter Holstein, “New TRICARE Pharmacy Copays Highlight Benefits of Home Delivery,” TRICARE Management Activity, 31 October 2011, http://www.tricare.mil/pressroom/press_article.aspx?fid=583 (accessed 27 July 2012).
- ²⁹McGinnis, “Overview on DoD Pharmacy.”
- ³⁰Holstein.
- ³¹Office of Management and Budget, *Living Within Our Means and Investing in the Future: The President’s Plan for Economic Growth and Deficit Reduction*, Executive Office of the President Office of Management and Budget, Washington, DC, September 2011, <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/jointcommitteereport.pdf> (accessed 8 October 2012), 20.
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- ³³Congressional Budget Office, *The Effects of Proposals to Increase Cost Sharing in TRICARE*.
- ³⁴Under Secretary Of Defense (Comptroller)/Chief Financial Officer, *Overview: FY 2013 Defense Budget*, February 2012, comptroller.defense.gov/defbudget/fy2013/FY2013_Budget_Request (accessed 20 November 2012), 5-3 to 5-4.
- ³⁵Department of Defense Pharmacoeconomic Center, PEC Webmaster.
- ³⁶*Ibid.*
- ³⁷Department of Defense Pharmacoeconomic Center, Website, 13 September 2012, <http://www.pec.ha.osd.mil/> (accessed 8 October 2012).
- ³⁸Headquarters Department of the Army, Army Regulation (AR) 40-3, *Medical, Dental, and Veterinary Care* (Washington, DC: Government Printing Office, February 2008, Rapid Action Revision (RAR), 12 March 2010), 41.
- ³⁹TRICARE, “What is TRICARE?” 6 March 2012, <http://www.tricare.mil/mybenefit/home/overview/WhatIsTRICARE?> (accessed 25 March 2012).

⁴⁰Ibid.

⁴¹U.S. Army Medical Department, “Army Medicine Strategy Map,” March 2011, <http://www.armymedicine.army.mil/about/BalancedScorecard.pdf> (accessed 25 March 2012).

CHAPTER 2

REVIEW OF LITERATURE

Background information and definitions are very important. The TRICARE web site¹ is a wealth of information pertaining to the current pharmaceutical benefits. The “What is TRICARE” and “TRICARE FAQ: Question and Answer” page defines TRICARE. TRICARE *Pharmacy Program Handbook*, “TRICARE Pharmacy Home Delivery,” and “TRICARE Retail Network Pharmacy” provided information about the specific pharmacy benefits and their capabilities and limitations. Other important information from the TRICARE site includes “Medications Not Covered By TRICARE,” and “Pharmacy Costs”. Another website that provided valuable information about formularies, was the Department of Defense Pharmacoeconomic Center web site.

Several articles provided information specifically about the changes in the TRICARE pharmacy copays. The articles included "Tricare drops mail-order copay, raises in-store rates," "TRICARE to see 25-percent drop in retail drug costs," and "Copayment for TRICARE Meds Changing Oct. 1." These articles described the recent changes in the TRICARE Retail Network Pharmacy and the TRICARE Pharmacy Home Delivery copayments.

In 1999, Congress, under the FY 2000 National Defense Authorization Act, the DoD developed a three tier copayment system in retail and the mail order system for implementation in 2001.² The RAND study from 2005 indicated that the three tier system reduced expenditures in the civilian sector and may benefit the DoD and provide savings up to \$200 million the first year, but did point out that the DoD would need to be as strict on which medications they placed in the third tier. It also mentioned the lack of

restrictions on the mail order pharmacy would not benefit the DoD as much as the civilian sector, unless the beneficiaries shifted from retail to the mail order pharmacy.³

According to an article in *Military Medicine 2009*, the DoD's drug expenditures doubled from FY 2002 to FY 2007 due to many factors such as: an increase in DoD beneficiaries, more people using pharmacies, and increased prescription medication use.⁴ The implementation of the three tier system as instituted did not reduce the DoD drug expenditures. There are many discussions on how to decrease the DoD expenditures, specifically health care. TRICARE is one area that the government is targeting due to the increased amount of spending over the last few years. Some projected changes according to the "CRS Report for Congress" suggests specifically increasing TRICARE pharmacy copayments as an effective way to decrease spending. The "United States Government Accountability Office (GAO) Report to Congressional Committees" also discusses increasing copayments for medications saving the DoD money, but not as much as they projected. DoD proposed, as part of the President's FY 2007 and 2008 budget proposal, to increase the copayments at the retail setting. The mail order copayments for brand and non-formulary medications would remain the same, but the generic medications would decrease to \$0. The retail pharmacy copayments for generic and brand name medications would increase from \$3 to \$5 and from \$9 to \$15.⁵ The DoD calculated a savings of 1.5 billion due to increase in copayments, but GAO believes that DoD overestimated the decrease in prescriptions filled at the retail pharmacies.⁶ DoD proposed the copayment increase take place in FY 2007, but the John Warner National Defense Authorization Act for FY 2007 prevented the DoD from implementing the proposed increase.⁷ The GAO believes that if TRICARE beneficiaries do not shift to mail order or the MTF Pharmacy,

then the increase in copayments will bring in revenue, but not enough to cover the government costs spent on reimbursement to the retail pharmacies, especially since DoD does not receive any special contract prices for those medications filled in the retail pharmacy.⁸ One recommendation is to focus on TRICARE beneficiary's preference as to where and why they obtain medications from a specific point of service.⁹ Congress has prohibited the DoD recommended increase in copayments up until 2009.

Pharmacy expenditures have seen the greatest increase over the last few years.¹⁰ The "United States Department Of Defense Fiscal Year 2013 Budget Request" projects an increase in pharmaceutical copayments over the next four years.¹¹ The DoD FY 2013 Budget Request stems from the President's Budget, which shows a projected decrease in the DoD budget by \$259.4 billion. The TRICARE Retail Network will see the biggest increase over the next four years. Brand name medication copayments, at a retail pharmacy, are projected to double in FY 2013 from \$12 to \$26 for a 30 day supply. In FY 2017, the projection for brand name medication copayments at the retail network will increase to \$34 for a 30 day supply. Another drastic proposal for TRICARE Retail Network is not to cover non-formulary medications. Many patients will likely pay full price for the non-formulary medications. The TRICARE Pharmacy Home Delivery also has projected increases. The budget proposal for brand name medications in TRICARE Pharmacy Home Delivery will increase to \$26 for 90 day supply and non-formulary medications projections are \$51 in FY 2013 and \$66 in FY 2017. The MTF pharmacies will remain no charge to TRICARE beneficiaries.¹² "Obama Proposes TRICARE Changes" discusses the potential for the TRICARE benefits to change in the future based on the need to reconfigure the DoD budget. The changes in pharmaceutical copayments

are a realistic possibility in the future to help decrease DoD spending. The *Quadrennial Defense Review 2010* has lowering military health care spending as a priority. The main recommendations include improved acquisition processes to obtain high quality medical products at the best price.¹³

Another article “Tricare costs would jump in budget plan” mentions that the copayment increases is the governments initiative to have patients go from the retail network back to the MTF Pharmacy or the mail order pharmacy. It mentions the increases will be more than doubled for generic and brand name medications at the retail network, and TRICARE will not cover non-formulary medications at the retail network.¹⁴ The article “‘Huge’ Tricare savings expected from higher drug co-pay” explains that Congress authorized the copayment increase in the TRICARE Retail Pharmacy Network and the TRICARE Pharmacy Home Delivery. The projected increase in copayments over the next five years will continue, unless Congress objects. The projected increase in pharmaceutical savings over the next 10 years is projected to be \$28 billion. Representative Joe Wilson, Republican-South Carolina, Chairman of the House Armed Services Personnel Subcommittee is against any increase in TRICARE pharmaceutical copayments.¹⁵

Another potential change to the TRICARE pharmacy benefit could potentially be the disenrollment of retail pharmacy networks from the TRICARE Retail Pharmacy Network. Express Scripts is negotiating high quality care with lower reimbursement costs from the retail pharmacies in their network. Walgreens was one of their network pharmacies until 1 January 2012, but did not want to negotiate lower reimbursement

rates. A TRICARE spokesman confirmed that the government is looking to decrease health care expenditures.¹⁶

There is very little literature about failed negotiations with Express Scripts and other retail pharmacies. Currently, Walgreens is the only retail pharmacy that failed to reach an agreement with Express Scripts. The literature does not show any signs that other retail pharmacies are looking to discontinue their contracts with Express Scripts. The literature does show that Walgreens disenrollment did have an impact on their shares. Walgreens had a similar situation with Express Scripts in 2008. Express Scripts sued Walgreens, and two days later Walgreens filed suit against Express Scripts.¹⁷ Walgreens and Express Scripts eventually came to an agreement prior to the suspense for contract negotiations.¹⁸ According to an article from *Chain Drug Review*, Walgreens lost six cents per share potentially attributed to the failed negotiations with Express Scripts. Walgreens also had a 6.6 percent decrease in their pharmacy sales from January 2012 to July 2012. In August, the decrease in store sales was 8.2 percent.¹⁹ Many variables can contribute to the decrease in pharmacy revenues, but the loss of patients associated with Express Scripts is one of the big contributors to the decrease.²⁰ Several articles mentioned that Walgreens was actively trying to regain Express Scripts customers, but currently will not be able to regain TRICARE beneficiaries, which accounts for approximately 17 percent of the prescriptions filled in 2011.²¹ According to the article “Walgreen Reports Weak August Sales” CVS actually had an increase in shares, potentially due to remaining in the Express Scripts Retail Pharmacy Network and from TRICARE beneficiaries.²²

TRICARE Retail Pharmacy Network includes many retail pharmacies to include Walgreens, up until 1 January 2012, when Walgreens disenrolled from the TRICARE

Retail Network. The article "Walgreen, Express Scripts at impasse " provided information about the recent disenrollment of Walgreens from the TRICARE Retail Network. "Walgreens, Tricare battle over rates could jeopardize drug coverage" mentions that Walgreens charges 20 percent more than other retail pharmacies in the network according to Express Scripts, which is the TRICARE benefits manager. Walgreens was willing to offer the military beneficiaries the discounted price, but Express Scripts was not willing to accept the negotiation, if it did not include all the Express Scripts beneficiaries, which would include other non-military beneficiaries such as Police Officers and Fire Fighters. TRICARE beneficiaries petitioned to keep Walgreens as a potential TRICARE Retail Pharmacy Network site.²³ In another article "Walgreens in contract fight with drug insurance company" Walgreens stated that the negotiations between them and Express Scripts were not feasible, since Express Scripts would not reimburse Walgreens an appropriate amount. In an article from a pharmaceutical website,²⁴ Express Scripts claims that Walgreens would be the highest cost pharmacy in the network, but Walgreens stated that the difference is within two percent of non-Walgreens pharmacies.²⁵ Walgreens also believes that the failed negotiations were a result of pushing Express Script's beneficiaries to the mail order pharmacies. Walgreens was not willing for Express Scripts to define what was a generic, versus brand name medication. Express Scripts was not worried about where their beneficiaries would obtain their medications, since they have approximately 56,000 other pharmacies in the retail network to choose from. Express Scripts is negotiating for the lower costs for its customers such as TRICARE.²⁶

Walgreens felt they could recapture the loss from Express Scripts business. January 2011, showed a 2.3 percent decline in Walgreens sales, which was partially attributed by the loss of Express Scripts customers. TRICARE beneficiaries filled approximately 15 million prescriptions in FY 2011, which was approximately 17 percent of the total Walgreens prescriptions.²⁷

Walgreens and Express Scripts have since negotiated a contract, which will take place 15 September 2012. It is unknown where TRICARE beneficiaries that filled prescriptions at Walgreens will fill them in the future. One couple mentioned in the article “Walgreens reaches deal with Express Scripts” switched from Walgreens to a Kroger and will not switch back.²⁸ TRICARE had a choice whether to allow TRICARE beneficiaries the choice of Walgreens post negotiation, but as of 4 October 2012, TRICARE beneficiaries may not utilize Walgreens. Walgreens is not included in the TRICARE Retail Pharmacy Network.²⁹ In an article from the *Marine Corps Times* Rear Admiral Thomas McGinnis, Chief TRICARE Pharmaceutical Operations Directorate verbalized his thoughts that with Walgreens out of the network, it would steer more beneficiaries to use the mail order or the MTF pharmacies.³⁰ It is reported that the TRICARE Pharmacy Home Delivery has increased 30 percent and the TRICARE Retail Pharmacy Network decreased 10 percent, compared to 2011.³¹

Several articles provide information about what the different points of service are doing in response to the change in TRICARE pharmacy benefits. "CVS seeks customers shut out of Walgreens" describes how CVS is advertising specials and offering incentives to DoD beneficiaries that previously received their prescriptions from Walgreens, if they chose CVS for their future prescriptions.³² TRICARE continually advertises online and

through media about the DoD MTF pharmacies and TRICARE Pharmacy Home Delivery being the cheapest choice for beneficiaries.³³ Another article "Army Medicine Strategy Map" shows the vision and goals of the Department of the Army Surgeon General. This is beneficial to help project future implications on the DoD MTF pharmacies, to ensure that changes align with these goals.³⁴

It is unknown what will happen to the DoD MTF pharmacies in response to the changes in TRICARE pharmacy benefits. A Masters of Business Administration professional report "The Impact of the Medicare-Eligible Retiree Health Care Fund on Navy Military Treatment Facilities' Demand-To-Capacity Solutions" provides some options in response to an increasing pharmacy workload of Medicare eligible beneficiaries. The report discusses the importance of recapturing these beneficiaries and potentially reaping the benefit of reimbursement from the Medicare-Eligible Retiree Health Care Fund, which will reimburse prescription ingredient fees and non-prescription ingredient fees for those Medicare eligible patients. The amount reimbursed depends on accurate data in the different systems. The report suggests that DoD MTFs make a proactive effort to enroll Medicare eligible beneficiaries, which will maximize Medicare-Eligible Retiree Health Care Fund reimbursement.³⁵ The article "Economics of Air Force Medical Service Readiness" provides insight on how the military treatment facilities get money every year. Funds are provided to the DoD MTF based on workload data. Increased workloads represent increased funding.³⁶ Increased workload would in theory bring in additional funding for the DoD MTF Pharmacy.

In 2001, Congress passed legislation that would allow Medicare eligible beneficiaries 65 years and older to obtain prescriptions using the TRICARE Retail

Pharmacy Network. The legislation had a significant impact on the DoD pharmaceutical budget. Since 2001 through 2011, the total prescriptions filled in the TRICARE Retail Network increased 455 percent.³⁷ During this time, Brooke Army Medical Center conducted a study to determine where patients would fill their prescriptions due to the legislation. They found that 13 percent of those patients over 65 years old would switch to the TRICARE Retail Pharmacy Network. Due to this discovery, they suggested investing resources to advertise the mail order point of service.³⁸ In the project “Combating the Military’s Escalating Pharmacy Costs: A Lean Six Sigma Approach”, the process identified several ways to improve efficiency and reducing costs, while maintaining the current prescription workload.³⁹ Each recommendation depended on the size and configuration of the pharmacy, and pharmacy workload. The recommendations included creating a different site for picking up refills, pharmacy entered prescriptions, and provider entered prescriptions. The study also found that call in prescriptions could also improve efficiency in the pharmacy. Other suggestions were resourcing a prescription in terminal with a computer to help with the workflow, such as a concierge desk. Other recommendations were to increase workstations and computer terminals to increase efficiency. Military installations may have different pharmacy locations. The study suggested moving personnel to align more appropriately with the workload. Some sites require less and other sites require more personnel. The main point of the study was to incorporate a Lean Six Sigma process to evaluate the workflow and establish better efficiency.⁴⁰

Another article “Concierge Desk, Call Center Help Military Outpatient Pharmacy Improve Service” discussed ways to improve efficiency in the pharmacy.⁴¹ A pharmacist

staffed the concierge desk. The pharmacist was able to identify and intercept problems without clogging up the In Windows at the pharmacy. Patients had a choice at the concierge desk to drop off their prescription or take a ticket and head into the patient queuing system. The pharmacy had a significant improvement in waiting times due to the concierge desk. The same pharmacy also implemented a call center. The call center was open to patients to answer formulary questions and a variety of questions such as whether they have refills available. Nursing staff were also able to use the call center to notify the pharmacy about discharge medications. The pharmacy was able to prepare these medications ahead of time, to reduce waiting time for those patients.⁴²

The Defense Logistics Agency developed the Defense Logistics Agency Troop Support's Medical Customer Pharmacy Operations Center in April 2011. This operation center assisted DoD MTF pharmacies, to save money on pharmaceutical purchases. The article "Pharmacy operations center saves money, enhances customer outreach" mentions that in FY 2013, the operation center saved DoD MTF pharmacies approximately \$17 million.⁴³

The "Civilian Health and Medical Program of the Uniformed Services Pharmacy Program" clarifies the rules on the uniform formulary practices, rule 32 CFR Part 199.⁴⁴ The rule states that the DoD P&T Committee must place the newly approved United States Food and Drug Administration medications on the DoD Uniform formulary status within 120 days, unless the DoD P&T Committee reviews the medication prior to that date and determines the medication to be DoD non-formulary. The rule also states that the DoD non-formulary medications will only be available through the TRICARE Pharmacy Home Delivery option or non-network retail pharmacies. DoD non-formulary

medications will not be available through the DoD MTF Pharmacy or TRICARE Retail Pharmacy Network, unless the patient receives prior authorization and meets the medical necessity.⁴⁵

The TRICARE Management Activity is currently working on ways to allow electronic prescribing into the DoD MTF pharmacies from civilian providers. The DoD MTF Pharmacy has provider order entry, from providers inside the DoD MTF, but does not currently allow off post civilian providers to send prescriptions electronically. Electronic prescribing is increasing significantly in the civilian sector. Many civilian providers that see TRICARE beneficiaries will automatically send prescriptions electronically to TRICARE Retail Pharmacies, since it is part of their normal procedures for non-TRICARE beneficiaries. Approximately 34 percent of civilian providers use electronic prescribing to order prescriptions for their patients.⁴⁶

The literature identifies several changes that have occurred to the TRICARE pharmacy benefit over the years. Congress developed the legislation to authorize eligible TRICARE beneficiaries different points of service in 2001. The DoD realized that with legislation to authorize those 65 years and older, plus allowing beneficiaries access to retail pharmacies, the cost to the government pharmaceutical expenditures would increase. At the time, the DoD developed strategies to decrease the total expenditures such as developing contract purchases on medications for less expensive brand and generic medications for the DoD MTF pharmacies. Some examples of contract spending include the Federal Supply Schedule, blanket purchase agreements, and contract requirements, which allow the DoD to purchase medications below the average wholesale price. The Federal Supply Schedule is the lowest cost the manufacturer will charge to a

non-federal customer. The blanket purchase agreements are those negotiated contracts with discounts potentially based on the amount of medications the DoD can purchase. Contract requirements establish cheaper therapeutic alternatives to medications based on clinical guidelines.⁴⁷ The Veterans Affairs and the DoD teamed up to develop a similar formulary and worked together on medication procurement. The DoD also recognized the need for a Uniform formulary for the military and TRICARE pharmacies, which will help direct costs to less expensive therapeutic alternative medications.⁴⁸ Despite these significant changes pharmaceutical expenditures have increased drastically. The DoD also speculates based on increased copayments, that the TRICARE beneficiaries will obtain prescriptions in the future at the MTF Pharmacy or the TRICARE Pharmacy Home Delivery based on the lower cost. They also believe that the increase in copayments will increase revenue to the DoD.⁴⁹ In the article “Raise Tricare fees or deepen force cuts, top doctor warns,” Dr. Jonathan Woodson, Assistant Secretary of Defense for Health Affairs, warns that the increase in TRICARE fees is necessary to reduce government spending and that if the increase is not successful in reducing government expenditures over the next few years, additional force cuts may need to take place. All Joint Chiefs of Staff and senior enlisted personnel have endorsed the proposed increase in TRICARE copayments, but Representative Wilson, and Austin Scott, Representative-Georgia, feel the increase in TRICARE copayments is a significant strain on TRICARE beneficiaries. Representative Wilson, the Subcommittee Chairman, feels obligated to find alternative ways to decrease government spending with minimal increases in TRICARE fees.⁵⁰

It is unclear what impact the copayment changes will have on where patients obtain their prescriptions. The DoD has made assumptions that increasing copayments will shift patients away from the retail network toward mail order or MTFs. The DoD projected approximately \$982 million in savings due to the shift. The GAO disagrees with the assumption and suggests that the DoD invest resources to study where and why beneficiaries might obtain their prescriptions from a particular point of service.⁵¹ Several studies show varying results of patient preference for where to obtain their medications. TRICARE offers three different points of service with different copayments for each. An article in the *Journal of Managed Care Pharmacy* compared utilization rates for mail order and community pharmacies for non-governmental civilian patients with pharmacy benefits.⁵² The majority of patients preferred community pharmacies instead of mail order pharmacies by 4 to 1. This study also showed that adherence levels were better through the community pharmacies over mail order. The article infers person-to-person contact may benefit compliance. Mail order pharmacies lack personal patient interaction. Another study mentioned in the article stated that there was no difference in the patient preference between mail order and community pharmacies. This study did not investigate whether cost would have an impact on whether patients obtained their medications from the community pharmacy or mail order pharmacy, nor did it include governmental personnel, which is the focus of this research, but does give an idea if cost is not a factor that potentially more people choose community pharmacies. Walgreens sponsored the study, which could potential bias the information.⁵³ According to Rear Admiral Thomas J. McGinnis, Chief of Pharmaceutical Operations for TRICARE in the article “‘Huge’ Tricare savings expected from higher drug co-pays” there has been a shift to the

TRICARE Pharmacy Home Delivery, since the increase in pharmaceutical copayments in October 2011.⁵⁴

In an article from The National Community Pharmacist Association, they made a point that pharmacist to patient counseling is very important to adherence.⁵⁵ They also stated that patients required to obtain medications through a mail order option cause some to discontinue their medication therapy. They also stated that mail order patients were less satisfied than those patients that receive their medications from a community pharmacy. From the information presented, most people prefer community pharmacy over mail order pharmacy.⁵⁶ A different article points out that adherence with regard to chronic medication is better among those that utilize mail order pharmacies, especially for those patients on chronic medications for high blood pressure and diabetes.⁵⁷

The Boehringer Ingelheim Pharmaceuticals Inc. conducts a yearly survey to obtain pharmacy satisfaction data. They analyzed chain, clinic, independent, food, and mass merchant pharmacies for patient satisfaction in different areas of focus, such as prescription accuracy, convenience, pharmacy/patient interaction, and cost. The study found that most patients were satisfied with their point of service and would continue to fill prescriptions at their current point of service. Over 80 percent of patients, using each point of service stated they would continue to use their point of service, and most patients choose their point of service based on convenience.⁵⁸ At each point of service over 60 percent were “very satisfied” with convenience.⁵⁹ The survey identified that most patients utilize chain pharmacies, but that independent and food pharmacies’ patients had more satisfaction.⁶⁰ Food, independent, and chain pharmacies fall into the TRICARE Retail Pharmacy Network. The clinic pharmacies would most likely represent the DoD MTF

pharmacies. The study found that 65 percent of patients in the clinic setting, 55 percent of patients that use mail, and 67 percent of patients that use retail pharmacies were, very satisfied.⁶¹

The pharmaceutical cost to the DoD and the changes in copayments is very relevant and important to MTF commanders and MTF Pharmacy chiefs. In 2009, General Leonard Wood Army Community Hospital did a study to determine if they could intervene and bring those beneficiaries from the TRICARE Retail Network back to the MTF Pharmacy. The pharmacy sent letters inviting individuals on certain maintenance medications that filled their prescriptions at a retail pharmacy, back to the MTF Pharmacy to receive 90 days of their prescription for no copayment. The results of the study did not show a change, in where the beneficiaries filled their prescriptions. Several limitations existed in the study. The study did not consider the distance away from the MTF or the TRICARE Mail Order Pharmacy.⁶² The “Evaluation of the TRICARE Program” mentioned that with the base closures there is decreased numbers of individuals that live in within 40 miles of the MTF Pharmacy. In FY 2003, 52 percent of TRICARE beneficiaries lived within 40 miles, but in FY 2009, only 46 percent lived within 40 miles.⁶³ Future references will include civilian pharmacy benefits and situations that may be similar to the changes affecting TRICARE pharmacy benefits. These may be helpful to determine civilian market trends.

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³Joyce et al.

⁴Devine et al., 961.

⁵Government Accountability Office, *TRICARE Cost-Sharing Proposals Would Help Offset Increasing Health Care Spending, but Projected Savings Are Likely Overestimated* (Washington, DC: Government Printing Office, May 2007), 10-12.

⁶Ibid.

⁷Ibid., 3.

⁸Ibid., 15.

⁹Ibid., 7-8.

¹⁰Don J. Jansen, *Increases in Tricare Costs: Background and Options for Congress. Analyst in Defense Health Care Policy* (Washington, DC: Congressional Research Service, May 2009).

¹¹Under Secretary Of Defense (Comptroller)/Chief Financial Officer, 1-3.

¹²Ibid., 5-3 to 5-4.

¹³Department of Defense, *Quadrennial Defense Review Report* (Washington, DC: Government Printing Office, February 2010), 79.

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login?url=http://search.proquest.com/docview/1038219474?accountid=28992 (accessed 8 October 2012).

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²¹John Kell, “Walgreen Reports Weak August Sales,” *Wall Street Journal*, 6 September 2012, <https://lumen.cgscarl.com/login?url=http://search.proquest.com/docview/1038145336?accountid=28992> (accessed 8 October 2012).

²²Ibid.

²³Bob Graham, “Walgreens, Tricare battle over rates could jeopardize drug coverage,” *IFAwebnews.com*, 12 December 2011, <http://ifawebnews.com/2011/12/12/walgreens-tricare-battle-over-rates-could-jeopardize-drug-coverage/> (accessed 18 August 2012).

²⁴www.drugstorenews.com

²⁵Rob Eder, “ESI Takes the Old ‘One-Two’ Punch,” *Drug Store News* 33, no. 12 (September 2011): 6-6.

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²⁷Drugstorenews.com, “ESI Impact Shows in Short Term;” Kell.

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³⁷General Accounting Office, *DOD and VA Pharmacy Progress and Remaining Challenges in Jointly Buying and Mailing Out Drugs*, 9; Thomas J. McGinnis, “DoD Pharmacy Program Overview” (2011 Military Health System conference, TRICARE Management Activity, 24 January 2011), 14; McGinnis, “Overview on DoD Pharmacy,” 6.

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⁴¹Cheryl A. Thompson, “Concierge Desk, Call Center Help Military Outpatient Pharmacy Improve Service,” *American Journal Health-Systems Pharmacist* 68, no. 4 (February 2011): 286, 290.

⁴²*Ibid.*

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⁴⁵Ibid.

⁴⁶McGinnis, "Overview on DoD Pharmacy," 29.

⁴⁷General Accounting Office, *DOD and VA Pharmacy Progress and Remaining Challenges in Jointly Buying and Mailing Out Drugs*, 9.

⁴⁸Ibid.

⁴⁹Government Accountability Office, *TRICARE Cost-Sharing Proposals Would Help Offset Increasing Health Care Spending, but Projected Savings Are Likely Overestimated*, 16.

⁵⁰Karen Peterson, "Raise Tricare Fees or Deepen Force Cuts, Top Doctor Warns." *The News Tribune*. 3 March 2012. <http://www.thenewstribune.com/2012/03/03/2050478/raise-tricare-fees-or-deepen-force.html> (accessed 18 August 2012).

⁵¹Government Accountability Office, *TRICARE Cost-Sharing Proposals Would Help Offset Increasing Health Care Spending, but Projected Savings Are Likely Overestimated*, 8, 16.

⁵²Nikhil Khandelwal et al., "Community Pharmacy and Mail Order Cost Utilization for 90-Day Maintenance Medication Prescriptions," *Journal of Managed Care Pharmacy* 18, no. 3 (April 2012): 247-255.

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⁵⁴Philpott.

⁵⁵National Community Pharmacists Association, "Mail Order is Not for Everyone," www.ncpanet.org (accessed 1 October 2012).

⁵⁶Ibid.

⁵⁷"How Mail-Service Pharmacies Will Save \$46.6 Billion Over the Next Decade and the Cost of Proposed Restrictions," Research by Visante, Released by Pharmaceutical Care Management Association, 21 February 2012, <http://www.prweb.com/releases/2012/2/prweb9214574.htm> (accessed 20 November 2012).

⁵⁸Boehringer Ingelheim Pharmaceuticals, *PULSE Pharmacy Satisfaction Data Full Industry Report*, April 2012, <http://www.pharmacysatisfaction.com/pharmacy-data.jsp> (accessed 20 November 2012), 24.

⁵⁹Ibid.

⁶⁰Boehringer Ingelhiem Pharmaceuticals, 12-14.

⁶¹Ibid., 18.

⁶²Summer Moore-Velbis, “An Analysis of the Effectiveness of the Retail Pharmacy Utilization Intervention at General Leonard Wood Army Community Hospital” (Graduate Management Project, Fort Sam Houston, TX, July 2009).

⁶³TRICARE Management Activity, Health Program Analysis and Evaluation Directorate, in the office of the Assistant Secretary of Defense (Health Affairs), *Evaluation of the TRICARE Program: Fiscal Year 2010 Report to Congress*, 28 February 2010, tricare.mil/tma/downloads/TRICARE201002_28_10v7.pdf (accessed 20 November 2012), 20.

CHAPTER 3

METHODOLOGY

Part of this study was a quantitative assessment. This study used data from the DoD Pharmacoeconomic Center (see Appendix A). The data included prescription workload from FY 2011 and FY 2012 by month. This included the total number of prescriptions before and after the change in copays and the disenrollment of Walgreens from the TRICARE Retail Network. The data included the total number of prescriptions filled through TRICARE Pharmacy Home Delivery, the DoD MTF pharmacies, and the TRICARE Retail Pharmacy Network. It included the number of prescriptions filled solely at Walgreens prior to the disenrollment and after the disenrollment. Also included was the total number of prescriptions per point of service, by branch of service, and by active duty and dependents and non-active duty and dependents. The researcher trended the data over two years, then performed a regression comparison and analysis for each of the significant dates. The first date was the TRICARE copayment increase date, which was 1 October 2011. The second date was the disenrollment of Walgreens from the network, which was 1 January 2012. The analysis was completed for each of the points of service overall, then broken down by branch of service and duty status.

The researcher sent another survey to DoD MTF Pharmacy Chiefs (see Appendix B) in order to review the number of prescriptions filled at specific DoD MTF pharmacies prior to the increase in copayments and the time after the increase in copayments, as well as workload data prior to the disenrollment of Walgreens, and after the disenrollment of Walgreens. The researcher performed a T-test and ANOVA Test on the data to determine significance on workload shifts using the dates that reflect the changes in TRICARE. The

survey also included prescription transfer data (see Appendix C). The researcher performed the T test and ANOVA tests on the transfer data, to see if there was an increase or decrease in the number of prescriptions transferred into the DoD MTF Pharmacy, after October 2011 and January 2012.

The quantitative analysis provided information to answer secondary questions such as, where beneficiaries filled their prescriptions before and after the changes in TRICARE. This study used the data to determine if there was a legitimate shift from the retail network to the DoD MTF pharmacies or Pharmacy Home Delivery.

The other part of the survey was qualitative. The researcher sent a survey to the Command and General Staff College Military officers (see Appendix E) to determine their preference based on the increase in copays and the disenrollment of the Retail Network pharmacies from TRICARE. The survey was sent to active Army, Air Force, Navy, and National Guard. The researcher analyzed the responses. The survey asked questions to determine if their family will use a different retail pharmacy, the TRICARE Pharmacy Home Delivery, or the MTF Pharmacy.

The researcher sent an additional survey to the DoD MTF pharmacies (see Appendix D) to determine what impacts they expect to see, due to the potential shift of TRICARE beneficiaries from the retail network to their facilities. The survey asked the pharmacy chiefs their expectations on their DoD MTF Pharmacy, if the TRICARE beneficiaries shift to the DoD MTF pharmacies. This provided Subject Matter Expert input on the potential impacts to the DoD MTF Pharmacies.

The other qualitative piece of the study was to review the literature to find past impacts of changes to the TRICARE Pharmacy Program and any pending future changes.

The literature review helped answer some secondary questions. The review sought information on whether the copays will go from one cost to a percentage cost or if other pharmacies will follow Walgreens' example and decide to opt out of the TRICARE Retail Network Pharmacy Program. The researcher searched the literature for information on potential future impacts to the TRICARE Pharmacy Program and provided information to answer secondary questions such as, patient preferences as to their point of service preference and changes in DoD MTF pharmacies.

CHAPTER 4

ANALYSIS

Chapter 4 reviews the literature and the specific TRICARE data, MTF data, and patient preference survey. The researcher will analyze the data and the literature to answer the secondary questions. The chapter will analyze the literature, patient preference survey, TRICARE Management Activity Data, DoD MTF Pharmacy data survey questions, DoD MTF Pharmacy survey workload data, and the DoD MTF Pharmacy survey transfer data, which will provide the necessary information and analysis to answer the primary question of whether the TRICARE changes will impact the DoD MTF pharmacies.

Will TRICARE Copayments Increase in the Future?

Literature Analysis

Based on the literature, the DoD is actively looking for solutions on how to decrease government spending. One goal for the DoD is to decrease the amount of spending on pharmaceuticals and one way to do this is to increase pharmaceutical copayments. The FY 2013 Budget Overview recommends the increase in copayments in the retail network and the mail order network over the next five years. The DoD has been actively trying to increase TRICARE pharmaceutical copayments since 2007. Congress has prevented the copayment increase until FY 2011. FY 2011 was the first TRICARE pharmaceutical copayment increase since 2002 (see table 2).¹

Table 2. Proposed TRICARE Copayment from FY 2006 to FY 2017

	TRICARE Retail Network (30 days)								
	FY06	FY07	FY08- FY11	FY12	FY13	FY14	FY15	FY16	FY17
Generic	\$3	\$5	\$3	\$5	\$5	\$6	\$7	\$8	\$9
Brand	\$9	\$15	\$9	\$12	\$26	\$28	\$30	\$32	\$34
Non-formulary	\$22	\$22	\$22	\$25	Not-covered	Not Covered	Not Covered	Not Covered	Not Covered
	TRICARE Pharmacy Home Delivery (90 days)								
	FY06	FY07	FY08- FY11	FY12	FY13	FY14	FY15	FY16	FY17
Generic	\$3	\$0	\$3	\$0	\$0	\$0	\$0	\$0	\$9
Brand	\$9	\$9	\$9	\$9	\$26	\$28	\$30	\$32	\$34
Non-formulary	\$22	\$22	\$22	\$25	\$51	\$54	\$58	\$62	\$67

Source: Under Secretary of Defense (Comptroller)/Chief Financial Officer, *Overview: FY 2013 Defense Budget*, February 2012, comptroller.defense.gov/defbudget/fy2013/FY2013_Budget_Request (accessed 20 November 2012); Government Accountability Office, *TRICARE Cost-Sharing Proposals Would Help Offset Increasing Health Care Spending, but Projected Savings Are Likely Overestimated* (Washington, DC: Government Printing Office, May 2007). Congress did not pass the projected copayment increase until FY2011. The future projected copayments will take effect unless Congress interferes. Congress intervened in the FY 2007 proposal. The change in copayments did not occur until FY11.

Representative Wilson, Chairman of the Armed Services Personnel Subcommittee, and Representative Scott, do not want to increase pharmaceutical copayments for military beneficiaries and may continue to intervene in the projected copayment increase. It is unlikely that they will stop the increase in copayments, since they require a majority vote and the emphasis is to decrease spending.²

Patient Survey

The patient survey asks patients where they will fill their prescriptions if, and when, the pharmacy copayments increase? This survey does not provide information on when and whether copayments will increase.

TRICARE Management Activity Data

The TRICARE Management Activity Data provides information about past prescription workloads based on point of service. This data does not take into account any projected increase in copayments.

DoD MTF Pharmacy Data Survey Questions

The DoD MTF Pharmacy Data Survey Questions ask whether the DoD pharmacies expect the increased copayments to affect the DoD MTF pharmacies. The survey also asks questions about whether the DoD MTF pharmacies advertised after the increase in copayments took place, to inform the beneficiaries of the upcoming copayment changes and the benefit of using the DoD MTF Pharmacy. Out of 10 DoD MTF pharmacies, only one pharmacy advertised about the increase in copayments. The advertising was only in reference to the most recent changes in TRICARE copayments and did not mention any future changes to copayments. This data does not take into account any projected increase in copayments.

DoD MTF Pharmacy Survey Workload Data

The researcher sent the DoD MTF Pharmacy Survey Workload Data to 24 DoD MTF Pharmacy Chiefs and received 10 responses. The data does not pertain to the secondary question about TRICARE copayment increases in the future.

DoD MTF Pharmacy Survey Transfer Data

The researcher sent the DoD MTF Pharmacy Survey Transfer data to 24 DoD MTF Pharmacy Chiefs and received 10 responses. Only five of the 10 DoD MTF pharmacies actually tracked the transfer data. The information provided by this data does not pertain to the secondary question about copayment increases in the future.

Where do Patients Prefer to Obtain their Prescriptions?

Literature Analysis

There are many variables involved on where patients fill prescriptions when given the option of multiple points of service. Based on the literature, most patients in the civilian sector prefer retail pharmacies over mail order pharmacies (see table 3 and 4).³

Table 3. Comparison of Patient Preference for Point of Service

Study	Mail Order	Retail Pharmacy	MTF	Comments
JD Power and Associates 2011 National Pharmacy Study	32% chose mail	68% chose retail	N/A	No past mail order use Mail order users stayed with mail order ~75% Retail users stayed with retail ~79%
Nikhil Khandelwal et al	17%	83%	N/A	Did not survey for satisfaction
Andrea Linton et al	22.1%	67.5%	45.4%	North Carolina, California, and Texas Did not feel

Study	Mail Order	Retail Pharmacy	MTF	Comments
				<p>small changes in copayments would affect</p> <p>Multiple prescriptions hindered mail order preference</p> <p>Require large monetary benefit to shift from one point of service to another</p> <p>Not based on satisfaction</p>
Summer Moore-Velbis		41.5% (before) 41.4% (after)	58.5% (before) 58.6% (after)	<p>Actively targeted retail patrons to bring back to MTF with no change</p> <p>Did not review mail order pharmacy data</p> <p>Small monetary did not influence shift to MTF</p>

Source: Create by Author. Sources are JD Power and Associates 2011 National Pharmacy Study, Nikhil Khandelwal et al., “Community Pharmacy and Mail Order Cost Utilization for 90-Day Maintenance Medication Prescriptions,” *Journal of Managed Care Pharmacy* 18, no 3 (April 2012): 247-255; Andrea Linton et al., “Factors Associated With Choice of Pharmacy Setting Among DoD Health Care Beneficiaries Aged 65 Years or Older,” *Journal of Managed Care Pharmacy* 13, no. 8 (October 2007): 677-686; Summer Moore-Velbis, “An Analysis of the Effectiveness of the Retail Pharmacy Utilization Intervention at General Leonard Wood Army Community Hospital” (Graduate Management Project, Fort Sam Houston, TX, July 2009).

Table 4. Patient Satisfaction for Point of Service

Study	Mail Order	Retail Pharmacy	MTF	Comments
Jeffrey A. Johnson et al	77.6 (0-100) satisfaction	72.8 (0-100) satisfaction	N/A	Not same questions No comparison
National Community Pharmacy Association	55% “very satisfied”	77% “very satisfied”	N/A	From PULSE Pharmacy Satisfaction Data
PULSE Pharmacy Satisfaction Data	55% “very satisfied”	66.8% “very satisfied”	65% “very satisfied” (clinic satisfaction data)	Independent, food, chain, and mass merchant tabulated to obtain retail satisfaction. Clinic data is similar to MTF.

Source: Created by Author. Table from data obtained from the following sources: Boehringer Ingelheim, *PULSE Pharmacy Satisfaction Data Full Industry Report*, April 2012, <http://www.pharmacysatisfaction.com/pharmacy-data.jsp> (accessed 20 November 2012); National Community Pharmacy Association, “Mail Order is Not for Everyone,” www.ncpanet.org (accessed 1 October 2012); Jeffrey A. Johnson et al., “A Comparison of Satisfaction with Mail Versus Traditional Pharmacy Services,” *Journal of Managed Care Pharmacy* 3, no. 3 (May/June 1997): 327-226.

Based on the pharmacy preference table (see table 3), most patients fill their prescriptions in the community (retail) pharmacy setting when given an option between mail order and retail. Many variables could contribute to this preference.⁴ It could be the face-to-face contact, patient satisfaction, or convenience due to location (see table 4). The literature also shows that if a patient obtains their prescriptions from a particular point of service, they are unlikely to change where they obtain their prescriptions and that minor financial benefits will not coerce them to a different point of service.⁵ Summer Moore-

Velbis, at Fort Leonard Wood targeted those beneficiaries that obtained their prescriptions from the retail setting to bring them back to the DoD MTF, by informing them of a zero copayment benefit for 90 days. The percentage of beneficiaries that filled their prescriptions at the retail pharmacies was not statistically significant before and after the study. Brand name prescriptions were \$9 for 30 days at the retail network and free for 90 days at the MTF. The \$9 difference for this small population was not enough to bring them back to the MTF Pharmacy. The proposed change would increase this amount to \$24 by FY 2013. This may be enough to bring beneficiaries back into the MTF pharmacies.

Other factors may prevent the beneficiary to change their point of service, such as the distance of many of the beneficiaries from the MTF.⁶ Most beneficiaries that do not live within 40 miles, which is considered the DoD MTF catchment area, of the DoD MTF will choose the TRICARE Retail Pharmacy Network or the TRICARE option.⁷ Based on the information above it is not clear whether the slight increase in copayments will bring beneficiaries back to the pharmacies. It is also unclear whether those patients that received their medications from Walgreens will choose to go to the DoD MTF Pharmacy or choose another retail pharmacy.

Based on table 4, that compared patient satisfaction data, patients are satisfied with both retail and the mail order pharmacies. Neither study compared retail to mail order pharmacy. It is unknown, based on the data, whether patients prefer one point of service to another. TRICARE beneficiaries may choose from three points of service. Many patients will use all three points of service depending on different circumstances, but will still have a primary point of service they use on a regular basis based on their

satisfaction and preference. Based on the data, patients will gravitate to the point of service with which they are comfortable and continue to use that point of service, until some variable changes that affects their preference, such as cost, convenience, and/or pharmacist interaction.⁸

Patient Survey

The survey went to 248 officers attending Command and General Staff College at Fort Leavenworth, Kansas. Fifty-nine officers provided a response. The officers were all Active Duty Army. The survey questions were directed toward the active duty person's, and their family member's pattern of filling prescriptions. One of the questions was "Where do you prefer to fill your prescriptions?" The majority of the population stated that they prefer to fill their prescriptions at the DoD MTF Pharmacy (see table 5). This is largely due to the captured patient population. The survey did not include any retirees, which would likely have a different preference. It is clear that the patient population does not fill their prescriptions at only one point of service. Forty of the 59 beneficiaries surveyed had prescriptions filled at a retail pharmacy in the past.

Table 5. Patient Preference Survey

Questions	Responses	Percentage
Demographics		
Army	59	100%
Branch of Service		
Army	59	100%
Sex		
Male	48	81.36%
Female	10	16.95%
Other	1	1.69%
Salary		
\$50,000 to \$80,000	16	27.12%
\$80,000 to \$100,000	28	47.46%
Over \$100,000	15	25.42%
Age		
32 to 41 years	47	79.66%
42 to 51 years	12	20.34%
Patient Preference		
MTF Pharmacy	50	84.75%
TRICARE Pharmacy Home Delivery (Mail Order)	2	3.39%
Retail Pharmacy (ie Walgreens) using TRICARE benefits	7	11.86%
Filled Prescriptions at Retail Pharmacy		
Yes	40	67.80%
No	19	32.20%

Source: Created by Author using the patient survey responses.

The survey also asked the beneficiaries why they prefer the point of service (see table 6). The results for each point of service show convenience is the top reason, although beneficiaries that choose the TRICARE Retail Pharmacy Network also choose that point of service due to medication selection. Many patients that are prescribed DoD non-formulary medications obtain their prescriptions through the retail network, since DoD MTF pharmacies do not stock DoD non-formulary medications. There is a process to obtain DoD non-formulary medications at the DoD MTF Pharmacy, but many

providers and patients are unaware of the process. Patients must meet medical necessity to obtain DoD non-formulary medications at the DoD MTF Pharmacy. The data does not ask why the patients filled their medications at the TRICARE Retail Network, but it is likely that those that used the TRICARE Retail Network were obtaining a medication they did not have at the DoD MTF Pharmacy.

Table 6. Patient Survey Responses for Preference at Each Point of Service

Point of Service	Total # of Beneficiaries	% For Convenience	% For Cost	% For Med Selection	% For Other
DoD MTF Pharmacy	49	(25) 51.02%	(22) 44.90%	(1) 2.04%	(1) 2.04%
TRICARE Pharmacy Home Delivery	2	(2) 100%	N/A	(0) 0%	(0) 0%
TRICARE Retail Pharmacy Network	7	(3) 42.86%	N/A	(3) 42.86%	(1) 14.29%

Source: Created by Author using the Patient Survey Responses.

TRICARE Management Activity Data

The TRICARE Management Activity Data included data across all branches of service and each point of service, to include TRICARE Retail Pharmacy Network, TRICARE Pharmacy Home Delivery, and DoD MTF Pharmacy. In FY 2011, there were 137,439,290 prescriptions filled at the three different points of service. In FY 2012, patient's filled 134,106,191 prescriptions at the three different points of service (see table 7). The number of prescriptions filled in FY 2012, decreased by 2.4 percent from

FY 2011. This goes against all previous data, which shows prescription workload has increased in the DoD since 2002.⁹ It is unclear the reason behind the decrease, but potentially may be attributed to nonadherence. Prescription adherence is better through the retail pharmacy. The 2.4 percent decrease brings up concern that patients are not be filling prescriptions at the retail pharmacy, but may not be filling their prescriptions at all.¹⁰ The breakdown of patient prescriptions shows that a majority of patients chose to fill their prescriptions at the TRICARE Retail Pharmacy Network in FY 2011 and FY 2012, although the percentage is decreasing significantly.¹¹ The data also shows that the prescriptions filled at the DoD MTF pharmacies remained somewhat constant from FY 2011 to FY 2012 and that the TRICARE Pharmacy Home Delivery is the least utilized point of service, but the use is increasing.

Table 7. Prescription Point of Service Breakdown

Point of Service	Total Rx FY11	Total Rx FY12	Percentage of Rx FY11	Percentage of Rx FY12
TRICARE Pharmacy Home Delivery	12,456,703	16,069,516	9%	12%
DoD MTF Pharmacy	48,084,497	48,409,756	35%	36.1%
TRICARE Retail Pharmacy Network	76,898,090	69,626,919	56%	51.9%
Total	137,439,290	134,106,191	100%	100%

Source: Created by Author from the data received from the TRICARE Management Activity.

Patient preference, when broken down between active duty and family and non-active duty and family, show that the active duty population fills their prescriptions primarily at the DoD MTF Pharmacy (see table 8). The non-active duty population chooses to fill their prescriptions primarily in the retail setting. Non-active duty beneficiaries filled approximately 63 percent of all prescriptions at a retail pharmacy in FY 2011. This number decreased to 58 percent in FY 2012 in the non-active duty population. The point of service choice is likely due to proximity of patients to the DoD MTF Pharmacy. Many retirees do not live near a DoD MTF Pharmacy. The TRICARE Pharmacy Home Delivery is still the least utilized point of service (see table 8).

Table 8. Prescription Point of Service Breakdown (Active vs Non-active)

Active and Family	FY11	FY12	Percent FY11	Percent FY12
Mail	292848	385542	0.91%	1.23%
MTF	21207596	21263109	65.68%	68.31%
Retail	10786421	9480892	33.41%	30.46%
Total	32286865	31129543	100%	100%
Non-active and Family	FY11	FY12	Percent FY11	Percent FY12
Mail	12163478	15682737	11.59%	15.26%
MTF	26720254	26978642	25.45%	26.25%
Retail	66094048	60123097	62.96%	58.49%
Total	104977780	102784476	100%	100%

Source: Created by Author using the TRICARE Management Activity Data.

DoD MTF Pharmacy Data Survey Questions

The DoD MTF Pharmacy Data Survey Questions does not query where patients prefer to obtain their prescriptions, but does survey the DoD MTF pharmacies on whether prescription transfers have increased since the changes in copayments and the disenrollment of a retail pharmacy from the TRICARE Retail Network. The results show only one DoD MTF Pharmacy with a statistically significant increase in prescription transfers since January 2012 (see table 9). The P value for Irwin Army Community Hospital is zero. The definition of a P Value according to the Free Dictionary on line is “the probability of obtaining by chance a result at least as extreme as that observed, even when the null hypothesis is true and no real difference exists; if it is ≤ 0.05 the sample results are usually deemed statistically significant and the null hypothesis rejected.”¹² The smaller the P value the less likely the results occurred by accident.¹³ This means there is less than a five percent chance that the increase occurred by chance when analyzing the data prior to and after January 2012 using an ANOVA Test. The number of prescription transfers, when looking at the data, does show a trend of increasing prescription transfers for two DoD MTF pharmacies potentially correlating to the recent TRICARE changes (see figure 1). This data does not provide insight to where patients fill their prescriptions.

Table 9. Transfer Data ANOVA Analysis

DoD MTF Pharmacy	P Value (Oct 2011)	P Value (Jan 2012)
Irwin Army Community Hospital	0.091	0.000
Ireland Army Community Hospital	0.209	0.320
William Beaumont Army Medical Center	0.123	0.071

Source: Created by Author, using ANOVA analysis data, from DoD MTF Pharmacy Survey Transfer Data

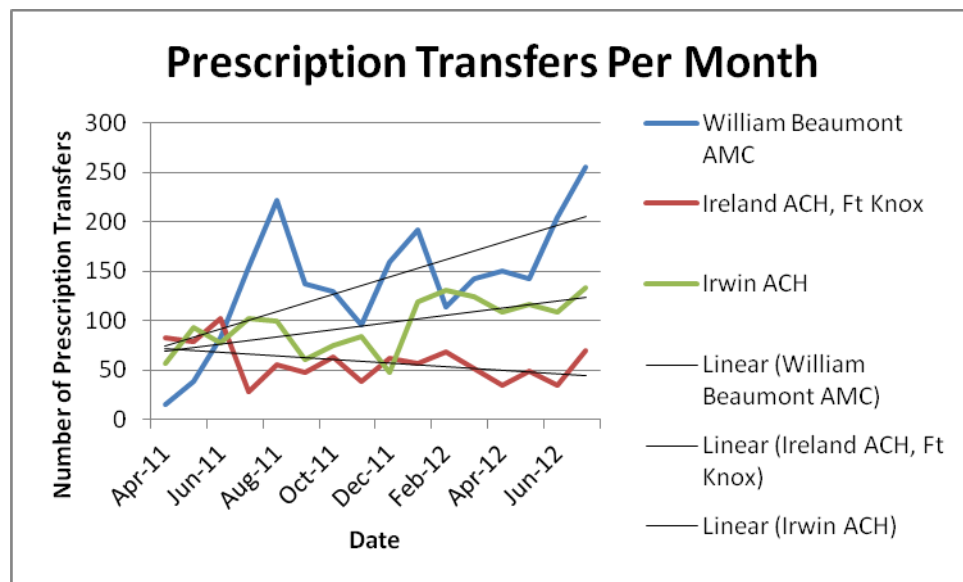


Figure 1. Prescription Transfers per Month

Source: Created by Author using DoD MTF Survey Transfer Data.

DoD MTF Pharmacy Survey Workload Data

The DoD MTF Pharmacy Survey Workload Data shows that three DoD MTF Pharmacy prescription workloads are increasing slightly from FY 2011 to FY 2012 (see

figure 2). This data provides DoD MTF Pharmacy prescription data, and does not provide information about where patients prefer to obtain their prescriptions.

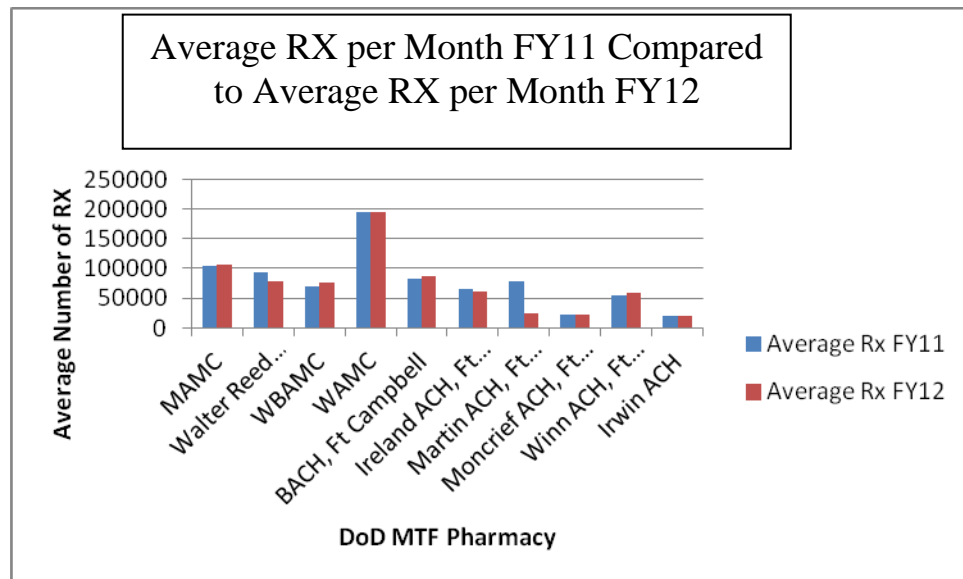


Figure 2. DoD MTF Prescription Workload Data Average Prescription per month in FY 2011 and Average Prescription per month in FY 2012

Source: Created by Author using DoD MTF Survey Workload Data.

Will Beneficiaries Obtain Prescriptions at the MTF Pharmacy Due to the TRICARE Copayment Increase?

Literature Analysis

The trend, since 2008 has shown an increase in the number of prescriptions filled at the DoD MTF Pharmacy. The increase is not due to the increase in copayments or the disenrollment of Walgreens from the TRICARE Pharmacy Retail Network, but likely due to the increase in beneficiaries, specifically those 65 years or older.¹⁴ The literature also shows an increase in prescription workload at each point of service to include the

TRICARE Retail Pharmacy Network and the TRICARE Home Delivery Pharmacy. The number of prescriptions at the TRICARE Retail Pharmacy Network and the TRICARE Home Delivery Network has increased since FY 2002, although the TRICARE Retail Pharmacy Network leveled off in FY 2011.¹⁵ The literature does show that a \$9 or small monetary savings is not enough by itself to shift where beneficiaries fill their prescriptions.¹⁶

Patient Survey

The patient survey asked questions such as where they will fill their prescriptions due to the increase in copayments. Most of the patients stated they would fill their prescriptions at the DoD MTF Pharmacy. This patient population is active duty and based on other data, most active duty and their family members fill their prescriptions at the DoD MTF Pharmacy. From the data, five of the beneficiaries that receive their prescriptions from the DoD MTF Pharmacy will change where they fill their prescriptions to the TRICARE Pharmacy Home Delivery (see table 10). The majority of the patients will continue to use the DoD MTF Pharmacy when the TRICARE copayments increase.

Table 10. Patient Survey Responses due to TRICARE Copayment Changes

Question: Due to the changes in Pharmacy Copayments and thePotential Increase in Copayments in the future, where do you foresee Obtaining your Prescriptions in the future?		
Point of Service	Total Responses	Percentage
DoD MTF Pharmacy	45	76.28%
TRICARE Pharmacy Home Delivery	7	11.86%
TRICARE Retail Pharmacy Network	5	8.47%
Other	2	3.39%
Total	59	100%

Source: Created by Author using the Patient Survey

TRICARE Management Activity Data

TRICARE Management Activity provided data on where TRICARE beneficiaries filled prescriptions before and after the change in TRICARE copayments. The results are the following. The total number of prescriptions filled at the DoD MTF Pharmacy, which contains all patient populations and branches of service, increased from 35 percent to 36.1 percent from FY 2011 to FY 2012, which was less than a one percent increase (see table 7). The regression analysis of the aggregate prescriptions filled at the DoD MTF pharmacies does not show any statistical significance in slopes from FY 2011 to FY 2012. There was a slight increase, which may continue to grow as the TRICARE copayments increase (see figure 3).

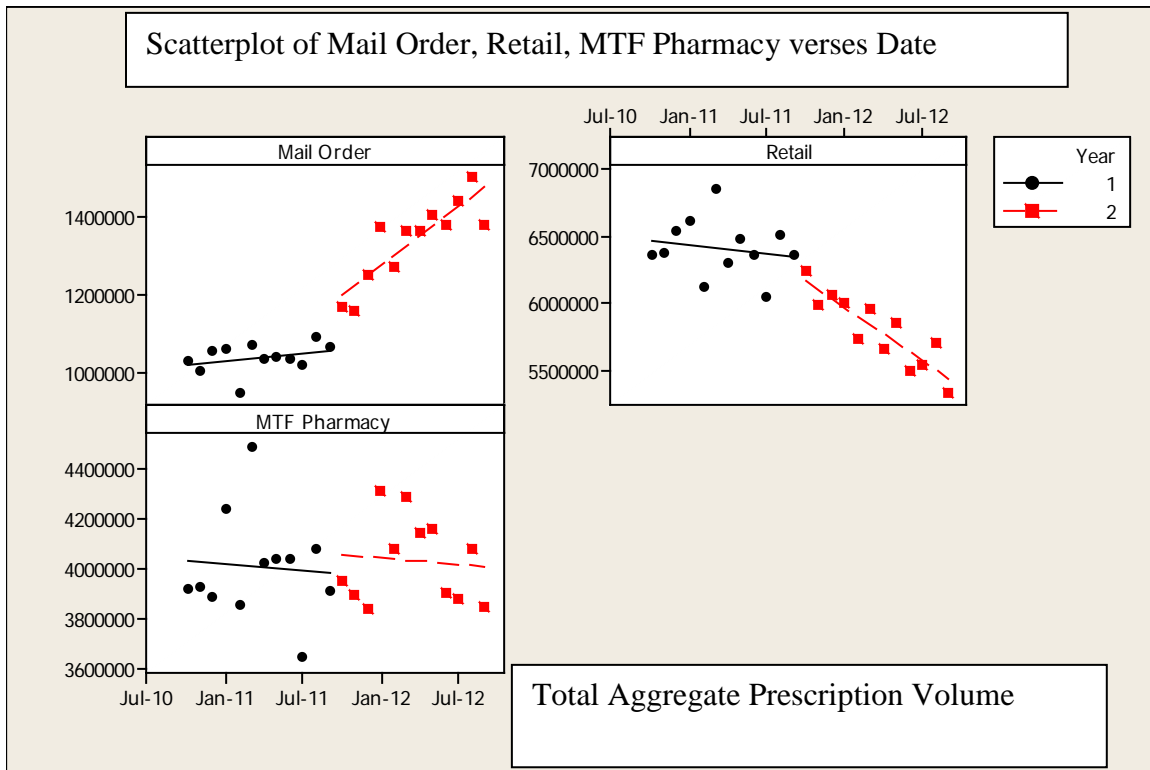


Figure 3. Scatterplot and Regression Analysis for each of the Different Points of Service using TRICARE Management Activity Data

Source: Created by Dr. David Bitters, Quality Assurance Office, Command and General Staff College.

The overall aggregate data does not show an increase in the number of prescriptions at the DoD MTF pharmacies as a result of the TRICARE changes, but when the data is separated into active and non-active duty beneficiaries, there is a statistical significant increase at the DoD MTF pharmacies due to the TRICARE changes using a P value of less than 0.05. The data from TRICARE Management Activity did show that there is a statistical significant increase in non-active duty and non-active duty family members as well as active duty and active duty family members filling their prescriptions at the DoD MTF pharmacies (see figures 4 and 5 and table 8). Table 8 shows that the

prescription volume for active duty beneficiaries and family members at the DoD MTF went from 65.68 percent to 68.31 percent, which was 4 percent increase in prescription workload. The prescription volume for non-active duty beneficiaries and their family members went from 25.45 percent to 26.25 percent, which was a 3.1 percent increase in prescription workload at the DoD MTF Pharmacy. The data also also shows a significant decrease in prescriptions filled through the TRICARE Retail Pharmacy Network for the same beneficiary breakdown (see figures 4, 5 and table 8). The non-active beneficiary population includes patients over 65 years of age.

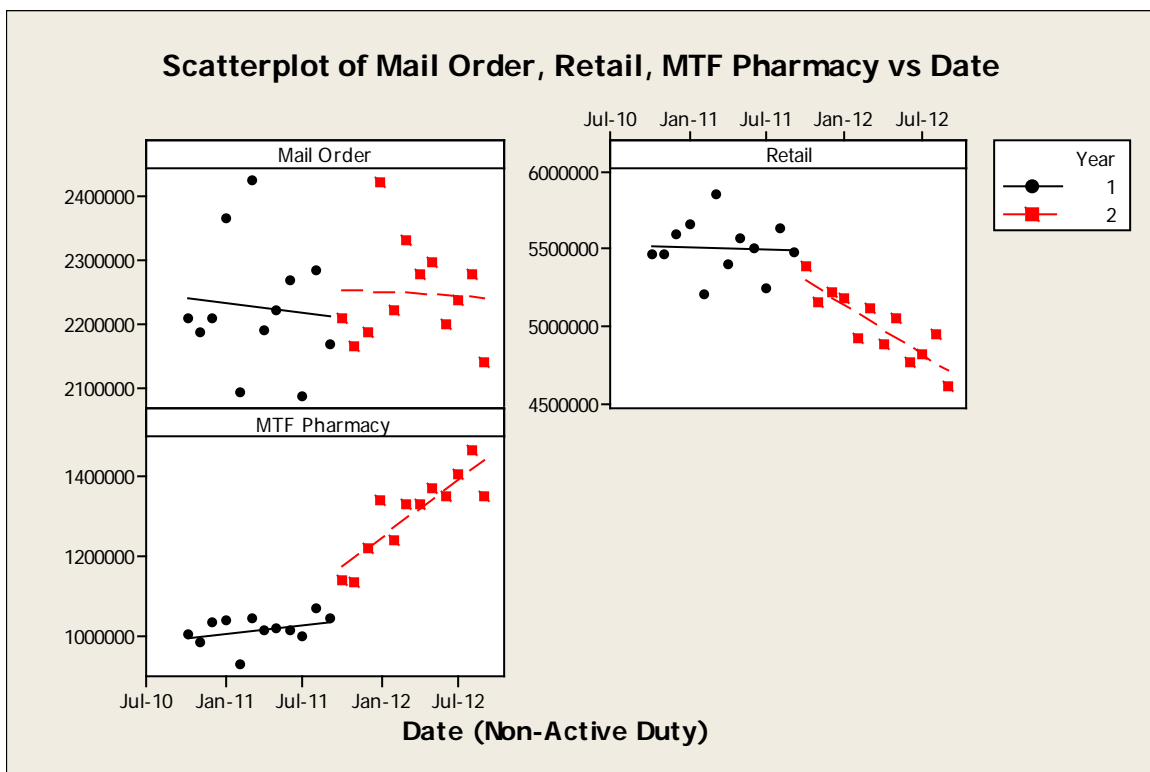


Figure 4. Scatterplot of Mail Order, Retail, MTF Pharmacy vs Date

Source: Created by Dr. David Bitters, Quality Assurance Office, Command and General Staff College. This figure shows the regression analysis scatterplot for each point of service for non-active duty and non-active duty family members using TRICARE Management Activity Data.

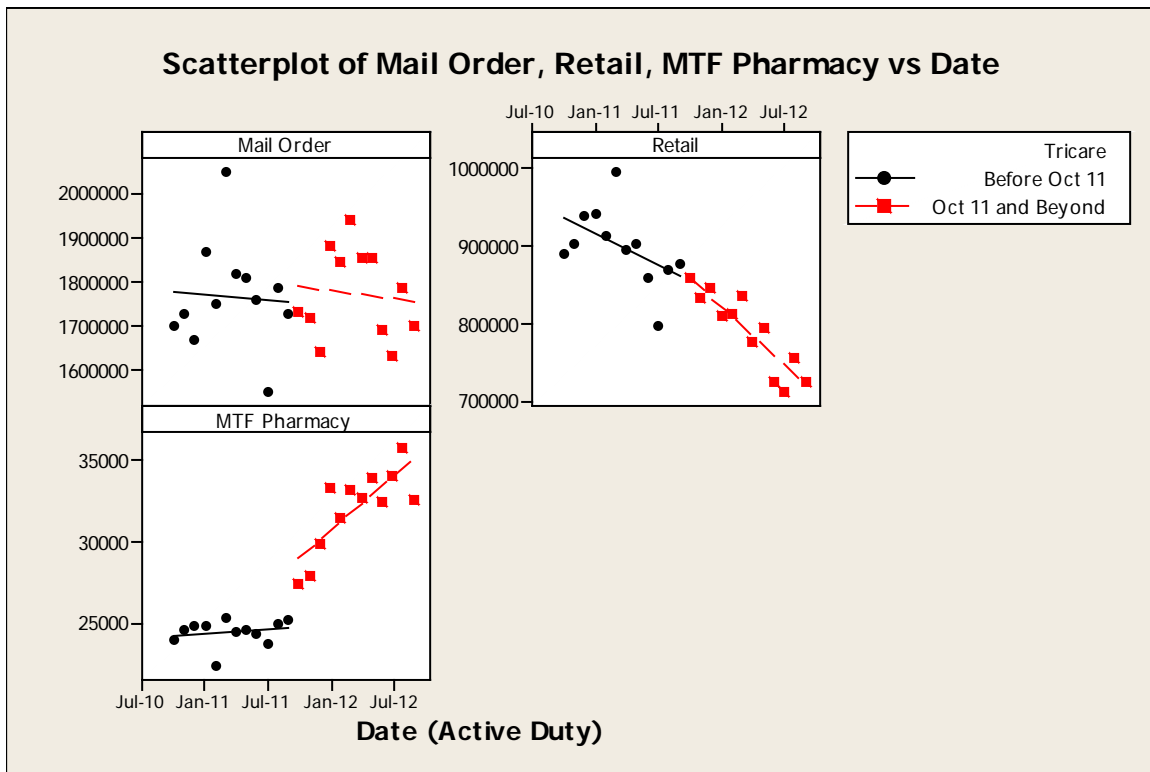


Figure 5. Scatterplot of Mail Order, Retail, MTF Pharmacy vs Date

Source: Created by Dr. David Bitters, Command and General Staff College, Quality Assurance Office. This figure represents regression analysis of the slopes prior to the TRICARE copayment changes October 2011 and after for active duty and their family members using TRICARE Management Activity Data.

The DoD MTF pharmacies did not have a statistical significant increase or decrease across the different branches of service. According to the data, the DoD MTF Pharmacy prescription volume had no statistical significant increase or decrease over the last two years (see figures 6, 7, 8, 9 and 10).

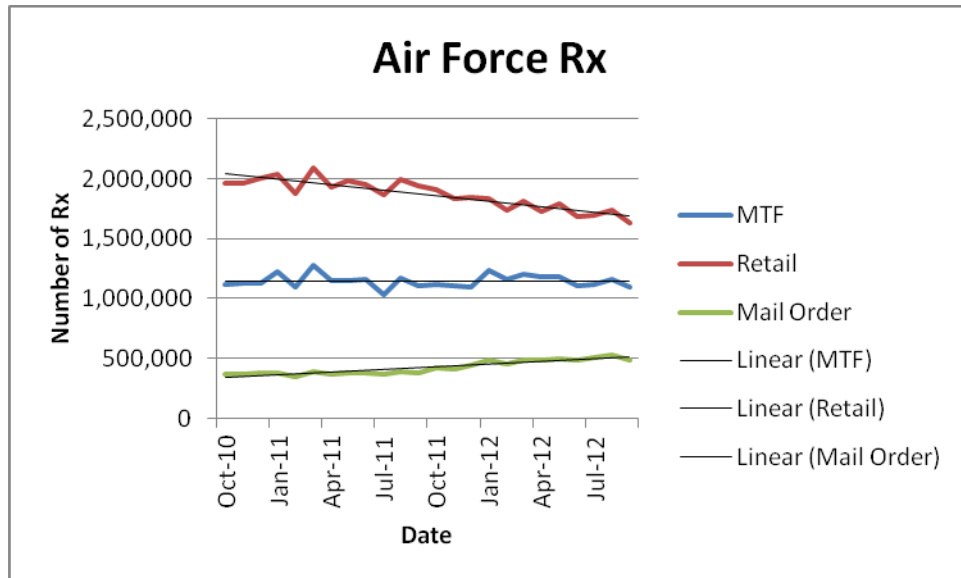


Figure 6. Air Force Prescriptions per point of Service for FY 2011 and FY 2012 using TRICARE Management Activity Data

Source: Created by Author.

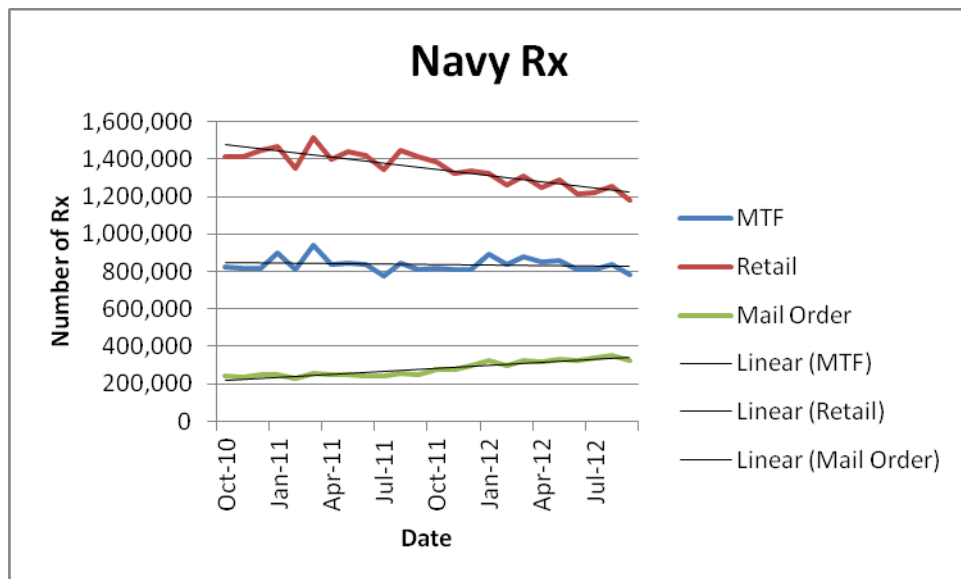


Figure 7. Navy Prescriptions per Point of Service for FY 2011 and FY 2012 using TRICARE Management Activity Data

Source: Created by Author.

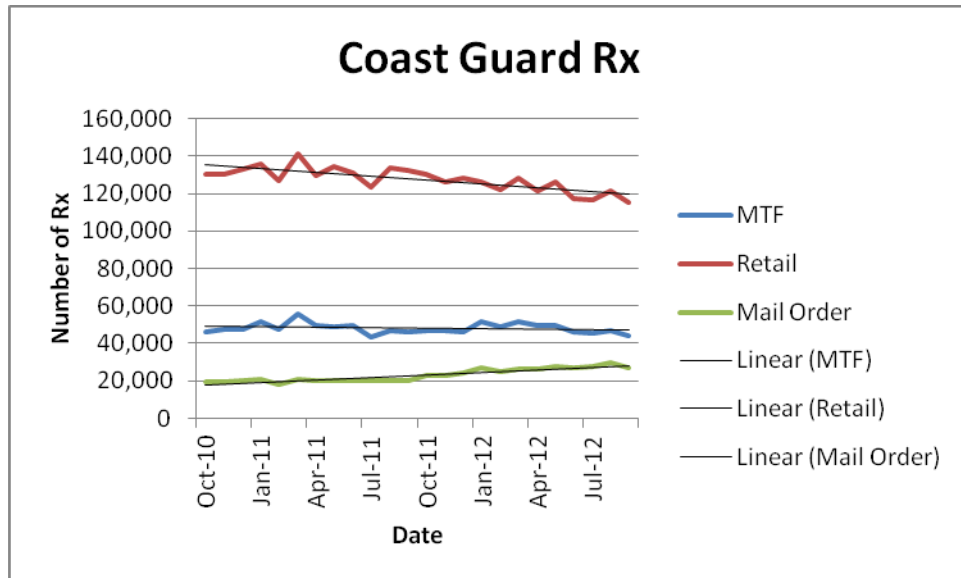


Figure 8. Coast Guard Prescriptions by Point of Service for FY 2011 and FY 2012 using TRICARE Management Activity Data

Source: Created by Author.

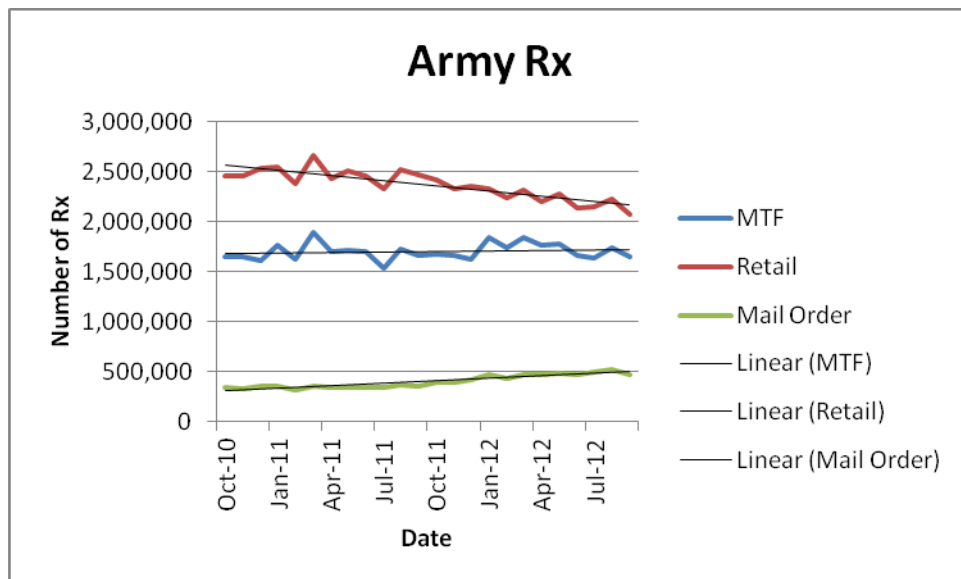


Figure 9. Army Prescriptions by Point of Service for FY 2011 and FY 2012 using TRICARE Management Activity Data

Source: Created by Author.

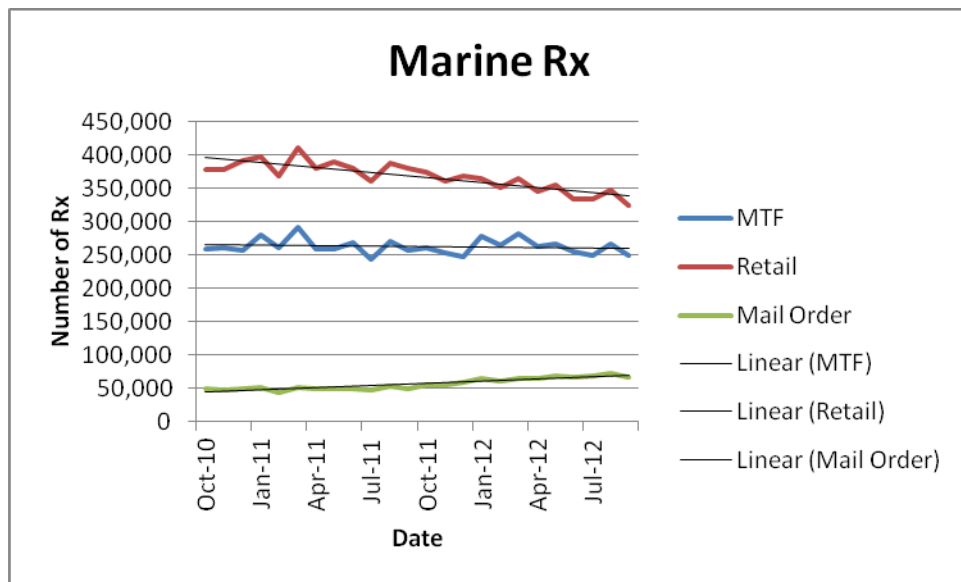


Figure 10. Marine Prescriptions by Point of Service for FY 2011 and FY2012 using TRICARE Management Activity Data

Source: Created by Author.

DoD MTF Pharmacy Data Survey Questions

The DoD MTF Pharmacy Survey consisted of 13 questions. Two questions asked pharmacy chiefs their expert opinions on whether they have seen an increase in prescription transfers since the increase in copayments and whether they have had to make any changes due to the increase in copayments at the DoD MTF Pharmacy. Seven of the 10 DoD MTF Pharmacy Chiefs stated that they have seen an increase in prescription transfers since the TRICARE copayment changes in October 2011. Six of the DoD MTF Pharmacy Chiefs stated that they foresee an impact on the DoD MTF Pharmacy due to the increase in copayments.

DoD MTF Pharmacy Survey Workload Data

The researcher sent the DoD MTF Pharmacy Survey Workload Data to 24 different DoD MTF Pharmacy chiefs. Ten of the 24 provided data. From the 10 that provided data, using an ANOVA Test, four had a statistically significant increase due to the changes in TRICARE copayments in October 2011, using a 95 percent confidence interval (see table 11). The smaller the P value, the less likely the results occurred by accident.¹⁷ Using a P value of less than 0.05 means that there is less than a five percent chance the change occurred by chance. Two had a statistically significant decrease since October 2011, using a 95 percent confidence interval, although one of the facilities with the decrease was undergoing major transition to a new facility and many patients had to use a different point of service due to the transition. Overall, from the DoD MTF Pharmacy data, only the four DoD MTF pharmacies show an increase in prescription workload over time. The other DoD MTF pharmacies do not show much of an increase or decrease in prescription workload over time (see figures 11 and 12), except the four DoD MTF pharmacies.

Table 11. DoD MTF Pharmacy Prescription Workload Analysis (Increased Workload)

DoD MTF	P Value
WBAMC	0.004
Dewitt ACH	0.002
Winn ACH	0.008
Irwin ACH	0.041

Source: Created by Author.

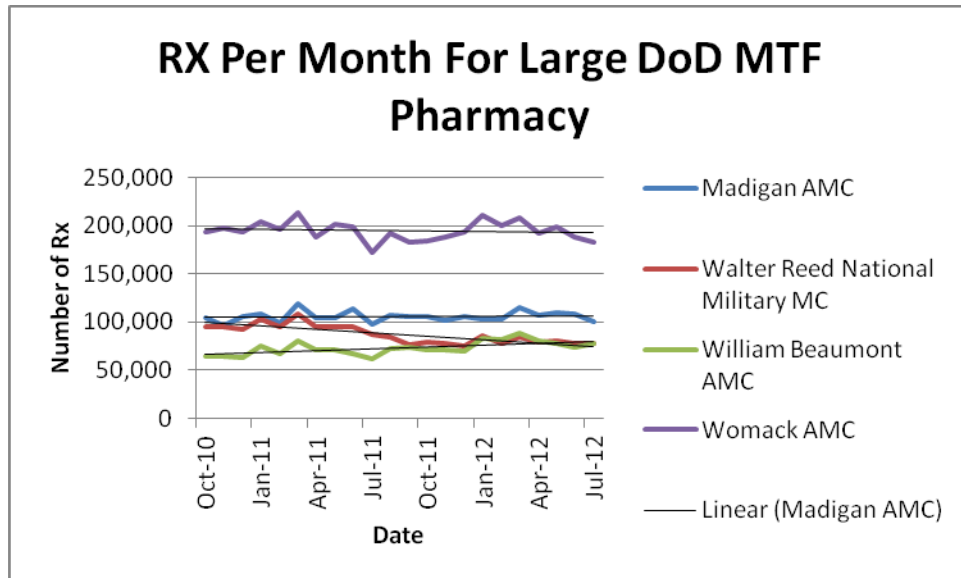


Figure 11. DoD MTF Pharmacy Workload Data Per Month for Large DoD MTF pharmacies

Source: Created by Author from DoD MTF Pharmacy Survey Workload Data.

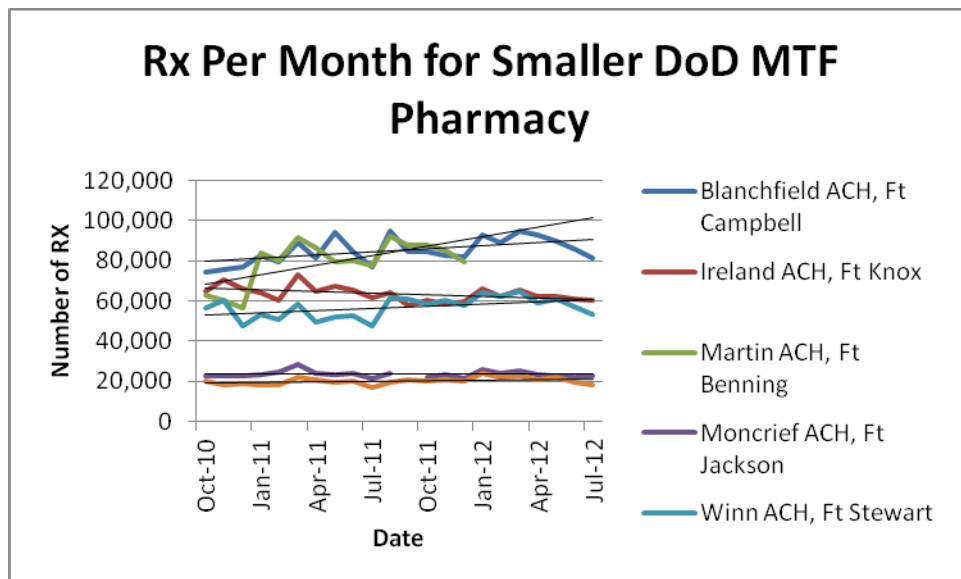


Figure 12. DoD MTF Prescription Workload Per Month for Small DoD MTF pharmacies

Source: Created by Author from DoD MTF Pharmacy Survey Workload Data.

DoD MTF Pharmacy Survey Transfer Data

Most DoD MTF Pharmacies will transfer prescriptions from one pharmacy to their pharmacy. This allows patients to fill prescriptions at the DoD MTF Pharmacy without having to go back to the doctor for a new prescription. Transfer data if tracked correctly can determine how many prescriptions shifted from the TRICARE Retail Pharmacy Network to the DoD MTF Pharmacy. The data received from the MTF Pharmacies shows one DoD MTF Pharmacy had a statistical significant increase using January 2012 as the important date using a P value less than 0.05. All other DoD MTF Pharmacy data showed that there is no statistical significant increase or decrease in the number of prescription transfers since the change in copayments and the disenrollment of Walgreens from the TRICARE Retail Pharmacy Network (see figure 1 and table 9). The problem is that most facilities do not have a standardized way to track the number of transfers coming into the pharmacy. Another problem is that some of the DoD MTF pharmacies do not transfer prescriptions from retail pharmacies and do not have transfer data. The facilities that did not accept transfers from civilian pharmacies did notice that the number of new prescriptions did increase. This survey did not track the number of new prescriptions, but only the total number prescriptions.

Where will Walgreens Beneficiaries Obtain their Prescriptions, since they are not accepting TRICARE?

Literature Analysis

The literature points to a 30 percent increase in TRICARE Pharmacy Home Delivery, since January 2012.¹⁸ It is possible that this increase is due to the disenrollment of Walgreens from the TRICARE Retail Pharmacy Network. Another possibility includes

the TRICARE copayment increase. TRICARE and other retail pharmacies have invested time and money into capturing those beneficiaries that previously obtained their prescriptions from Walgreens.¹⁹ CVS has been advertising they accept TRICARE insurance.²⁰ CVS shares increased in FY 2012, while Walgreens shares decreased.²¹ It is possible that many beneficiaries went across the street to the local competitor CVS.

Patient Survey

The patient survey went out to Active Duty Army, Navy, Air Force, and National Guard personnel. Fifty-nine active duty Army beneficiaries completed the survey. Forty of the beneficiaries used a TRICARE Retail Pharmacy in the past and would use a different TRICARE Retail Pharmacy due to the disenrollment of Walgreens from the TRICARE Retail Pharmacy Network. Many beneficiaries use multiple points of service. Forty of the 59 beneficiaries utilized a TRICARE Retail Pharmacy in the past. This may be due to many different reasons. The survey failed to ask the patients that have utilized retail pharmacies in the past why. Although, based on the data, 17 beneficiaries used Walgreens six months prior to the disenrollment from the TRICARE Retail Pharmacy Network and 11 of those patients filled their prescriptions at the DoD MTF Pharmacy after Walgreens disenrollment (see table 12).

Table 12. Patient Survey Response to the Disenrollment of Walgreens

Where would you fill your Prescriptions, if your Retail Pharmacy no longer accepted TRICARE?		
Point of Service	Number of Beneficiaries	Percent
A different retail pharmacy that accepts TRICARE	28	70.00%
The TRICARE Pharmacy Home Delivery system (mail order)	2	5%
The MTF Pharmacy	9	22.50%
Other	1	2.50%
Total	40	100%
Did you use a Walgreens Pharmacy to fill your Prescriptions in the Period from 1 June 2011 to 31 December 2011?		
Response	Number of Beneficiaries	Percent
Yes	17	28.81%
No	42	71.19%
Total	59	100%
Where have you chosen to Obtain those Prescriptions that you Previously Obtained at Walgreens?		
Point of Service	Number of Beneficiaries	Percent
MTF	11	64.71%
TRICARE Retail Pharmacy	1	5.88%
TRICARE Pharmacy Home Delivery (Mail Order)	2	11.76%
Other	3	17.65%
Total	17	100%

Source: Created by Author.

TRICARE Management Activity Data

The TRICARE Management Activity provided data on the number of prescriptions filled at the DoD MTF pharmacies, the TRICARE Pharmacy Home Delivery, and the TRICARE Retail Pharmacy Network before and after the disenrollment of Walgreens from the TRICARE Retail Pharmacy Network. The data did not provide a full year prior to the disenrollment of Walgreens from the TRICARE Retail Pharmacy

Network to analyze from January 2012. The data was analyzed based per fiscal year. The data shows the obvious prescription volume decreased at Walgreens due to the disenrollment in January 2012. There was a statistical decrease in prescriptions filled at the TRICARE Retail Pharmacy Network from FY 2011 to FY 2012. There was a statistical significant increase in the prescription workload at the TRICARE Pharmacy Home Delivery from FY 2011 to FY 2012 (see figures 3 and table 7 and 13). The researcher performed a regression analysis on the total prescriptions over each branch of service for FY 2011 versus FY 2012 at each point of service. Table 14 shows the P value for each. Using a 95 percent confidence interval, the data shows an increase in the prescription volume at the TRICARE Pharmacy Home Delivery and a decrease at the TRICARE Retail Pharmacy Network. The data for each branch of service also shows the same trend (see figures 13, 14, 15, 16 and 17). There is a trend when broken down by active verses non-active duty and family members; it shows a statistical increase in prescription workload at the DoD MTF using regression analysis comparing FY 2011 to FY 2012 (see figures 4 and 5). The active duty population, when broken down separately did not show an increase or decrease in the TRICARE Pharmacy Home Delivery or in the TRICARE Retail Pharmacy Network, only a statistically significant increase in prescriptions filled at the DoD MTF Pharmacy. The non-active duty population, when broken down separately did not show an increase or decrease in the TRICARE Pharmacy Home Delivery, but did show a decrease in the TRICARE Retail Pharmacy Network and an increase in the DoD MTF Pharmacy prescription workload in FY 2012 compared to FY 2011 (see figures 4 and 5).

Table 13. Prescription Workload for Walgreens
FY 2011 and FY 2012

	FY11	Percent of Retail Rx in FY11	FY12	Percent of Retail Rx in FY12
Walgreens	17,414,197	22.65%	3,349,379	4.36%

Source: Created by Author from TRICARE Management Activity Data Report.

Table 14. Regression Analysis FY 2011 vs FY 2012
for Each Point of Service

Point of Service	T Value	P Value Using Regression Analysis FY11 vs FY12
TRICARE Pharmacy Home Delivery	3.85	0.001
TRICARE Retail Pharmacy Network	-2.59	0.017
DoD MTF Pharmacy	0.02	0.981

Source: Created by Author using Data analysis performed by Dr. David Bitters,
Command and General Staff College, Quality Assurance Office.

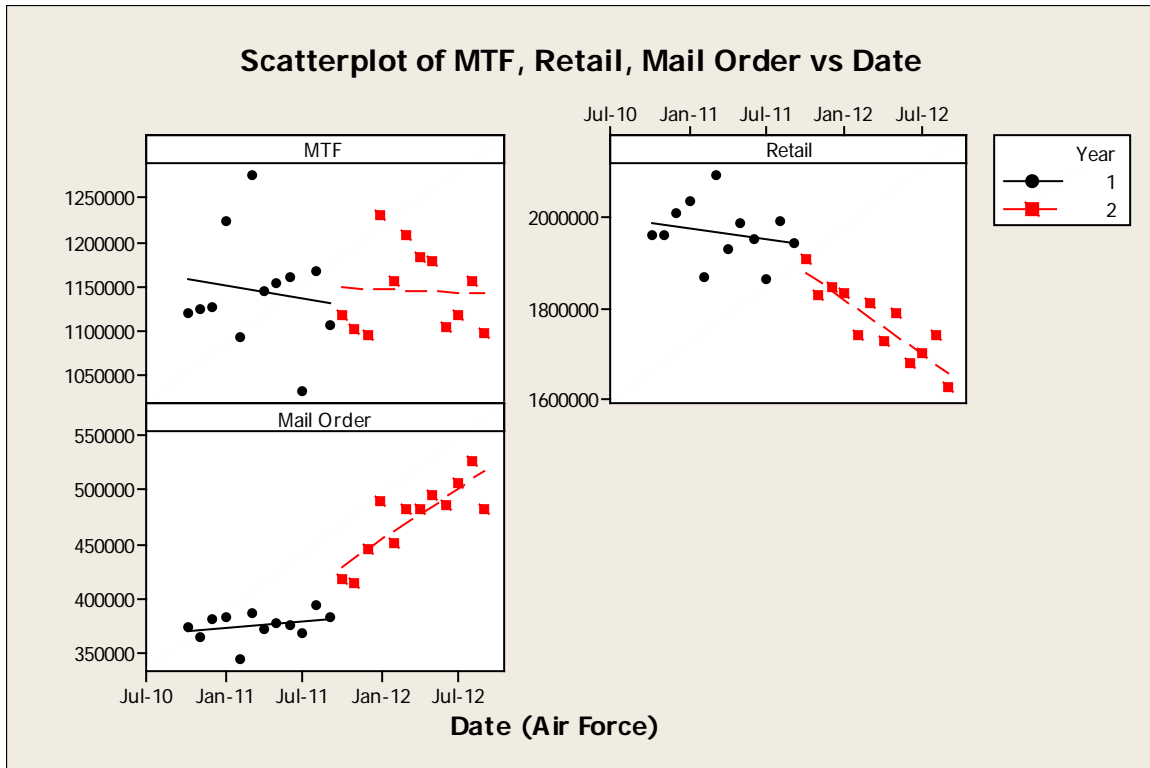


Figure 13. Regression Analysis of Total Number of Prescriptions at Each Point of Service for the Air Force using FY 2011 versus FY 2012.

Source: Created by Dr. David Bitters, Command and General Staff College, Quality Assurance Office from TRICARE Management Activity Data.

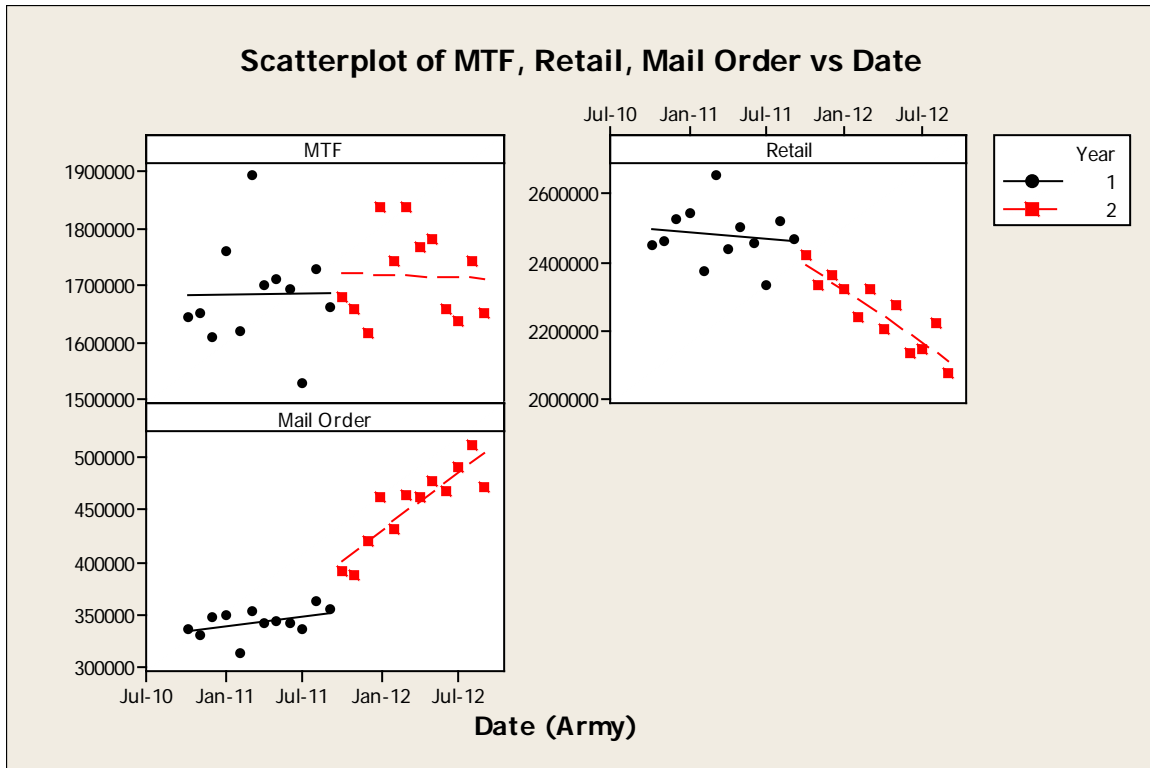


Figure 14. Regression Analysis of Total Number of Prescriptions at Each Point of Service for the Army using FY 2011 versus FY 2012.

Source: Created by Dr. David Bitters, Command and General Staff College, Quality Assurance Office from TRICARE Management Activity Data.

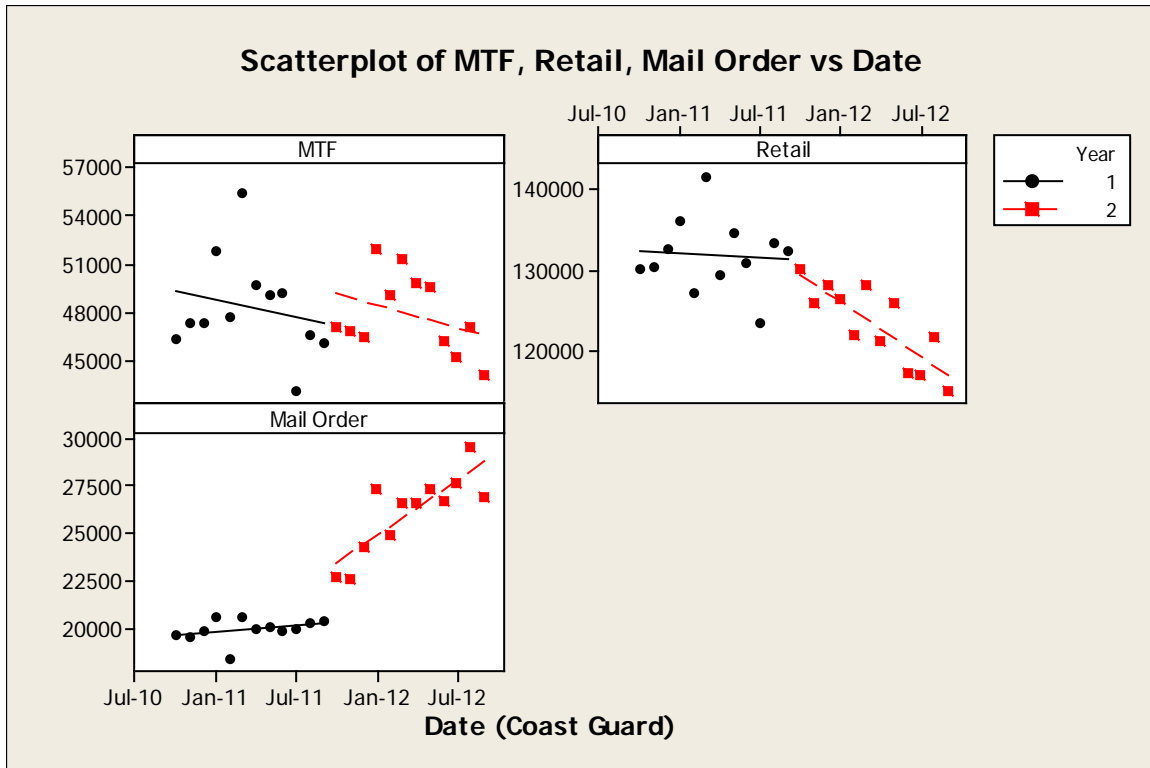


Figure 15. Regression Analysis of Total Number of Prescriptions at Each Point of Service for the Coast Guard using FY 2011 versus FY 2012.

Source: Created by Dr. David Bitters, Command and General Staff College, Quality Assurance Office from TRICARE Management Activity Data.

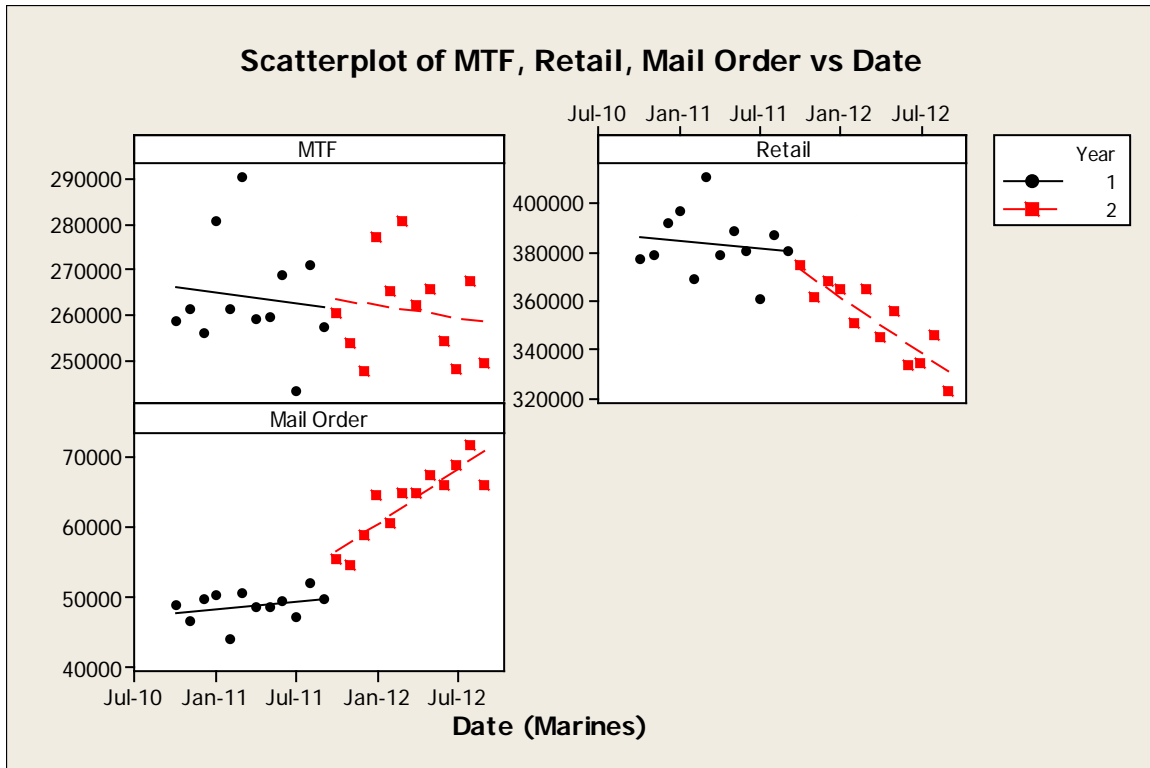


Figure 16. Regression Analysis of Total Number of Prescriptions at Each Point of Service for the Marines using FY 2011 versus FY 2012.

Source: Created by Dr. David Bitters, Command and General Staff College, Quality Assurance Office from TRICARE Management Activity Data.

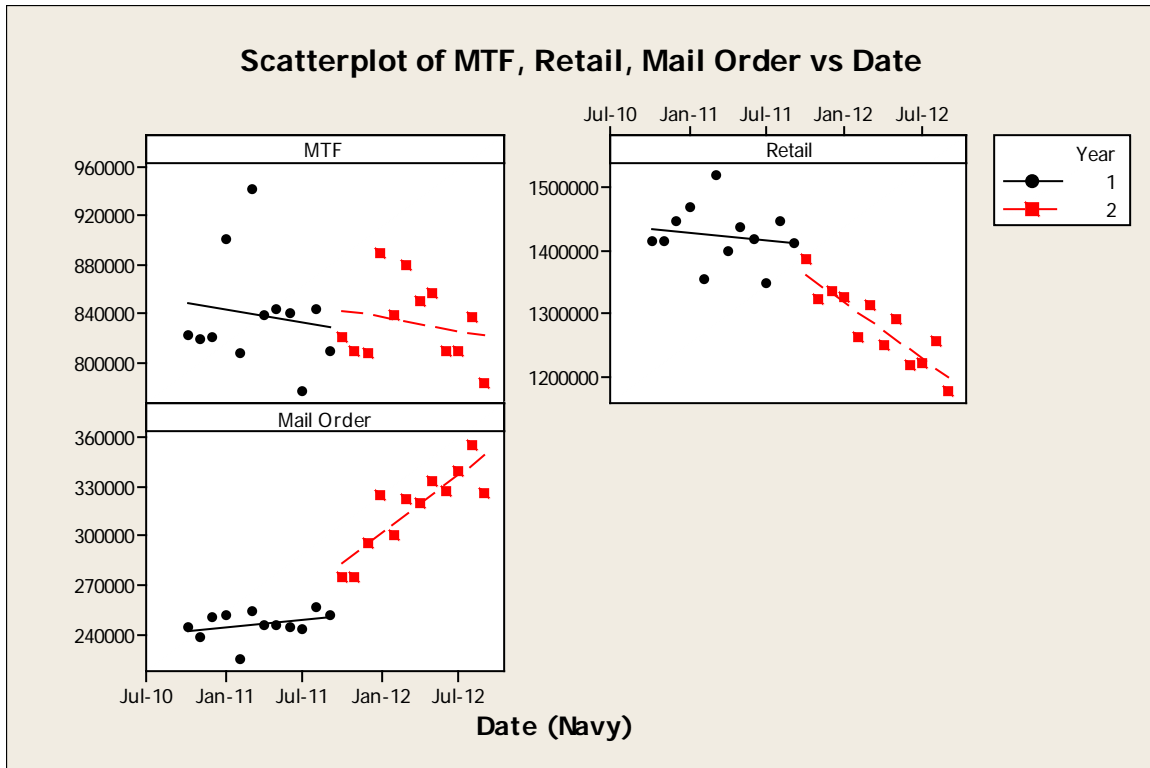


Figure 17. Regression Analysis of Total Number of Prescriptions at Each Point of Service for the Navy using FY 2011 versus FY 2012.

Source: Created by Dr. David Bitters, Command and General Staff College, Quality Assurance Office from TRICARE Management Activity Data.

DoD MTF Pharmacy Data Survey Questions

A survey went out to the DoD Pharmacy Chiefs for 24 different military pharmacies. The survey consisted of 13 questions reflecting the DoD MTF Pharmacy Chiefs. Several questions asked the pharmacy chiefs their expert opinions on whether the disenrollment of Walgreens had an impact on their pharmacy workload and whether they had to make adjustments. Table 15 shows the responses from ten DoD MTF Pharmacy chiefs. Most of the pharmacy chiefs have noticed an increase in prescription transfers from Walgreens, since the disenrollment of Walgreens from the TRICARE Retail

Pharmacy Network. Most of the DoD MTF pharmacies did not have a way to monitor transfer data. There was one pharmacy that did have a statistical significant increase in prescriptions after January 2012 (see table 9). The transfer data from the DoD MTF pharmacies that were able to provide data, have inconsistent data, which does not allow for an appropriate trend analysis, but two of the facilities do have an upward trend of increasing prescription transfers over time (see figure 1). Only two of the pharmacies had to make changes as a result of the TRICARE copayment changes and the disenrollment of Walgreens (see table 15).

Table 15. DoD MTF Survey Data Walgreens Disenrollment Impact

DoD MTF Pharmacy	Have you noticed an increase in prescription transfers from Walgreens, since they disenrolled from the network on 1 January 2012?	Have you had to make recent changes to your pharmacy that may have been a result of the increase in copayments or the disenrollment of Walgreens from TRICARE?
Medical Center #1	No	No
Medical Center #2	Yes	Yes
Medical Center #3	No	No
Army Community Hospital #1	Yes	Yes
Army Community Hospital #2	Yes	No
Army Community Hospital #3	Yes	No
Army Community Hospital #4	Yes	No
Army Community Hospital #5	Yes	No
Army Community Hospital #6	Yes	No
Army Community Hospital #7	Yes	No

Source: Created by Author using the DoD MTF Survey Data.

DoD MTF Pharmacy Survey Workload Data

The researcher sent the DoD MTF Pharmacy Survey Workload Data to 24 different DoD MTF Pharmacy chiefs. Ten of the 24 provided data. From the 10 that provided data, using an ANOVA Test, five had a statistically significant increase due to the changes in TRICARE copayments in January 2012, using a 95 percent confidence interval (see table 16). One had a statistically significant decrease since January 2012, using a 95 percent confidence interval, although the facility with the decrease was undergoing a major transition to a new facility and many patients had to use a different point of service due to the transition. This data does show that the January 2012 data had more impact on the prescription workload than the October 2011. However, overall the DoD MTF Pharmacy data does not show much of an increase or decrease in prescription workload over time (see figures 11 and 12). William Beaumont Army Medical Center performed their own analysis on their area. They discovered that 69 percent of the beneficiaries, of the 22 percent of beneficiaries that utilized the TRICARE Retail Pharmacy Network, filled their prescriptions at Walgreens prior to January 2012, which was prior to the disenrollment of Walgreens. The beneficiaries that utilized the TRICARE Retail Pharmacy Network, prior to the disenrollment of Walgreens were 22 percent and only 18 percent after the disenrollment.²²

Table 16. DoD MTF Pharmacies with Prescription Increase using ANOVA
Analysis on DoD MTF Pharmacies prior to
January 2012 and after January 2012

DoD MTF Pharmacy	P Value Using ANOVA Analysis before January 2012 and after January 2012
William Beaumont AMC	0.000
Blanchfield ACH	0.022
DeWitt ACH	0.019
Winn ACH	0.029
Irwin ACH	0.041

Source: Create by Author.

DoD MTF Pharmacy Transfer Data

The DoD MTF Pharmacy Transfer Data shows that there is a statistical significant increase in prescription transfers at Irwin using the ANOVA analysis before January 2012 and after January 2012 (see table 9) using a 95 percent confidence interval. Using a 90 percent confidence interval William Beaumont Army Medical Center would also have a significant increase in prescription transfers using the ANOVA analysis comparing prior to January 2012, to after January 2012. Most facilities do not have a method to capture this data. Only three facilities out of 10 were able to provide transfer data (see figure 1).

Has the TRICARE Pharmacy Home Delivery use Increased, since the change in Copayments and the Disenrollment of Walgreens?

Literature Analysis

According to the article “Walgreens Still Out of Tricare Pharmacy Network” Since the beginning of 2012, the number of prescriptions filled through the TRICARE Retail Pharmacy Network decreased 10 percent. The number of prescriptions filled

through the TRICARE Pharmacy Home Delivery increased 30 percent, since the beginning of 2012.²³ The DoD is determined to shift the patients from the Retail Network to the TRICARE Pharmacy Home Delivery to save costs. TRICARE did a great job of advertising the TRICARE Pharmacy Home Delivery. The TRICARE Pharmacy Home Delivery advertised in DoD MTF pharmacies, the TRICARE website, through the mail to TRICARE beneficiaries, and through media channels such as the Army, Marine, and Air Force Times and other social media such as Twitter and Facebook.²⁴ This could account for some of the movement to mail order.

The proposed rule CFR 32 Part 199 clarifies that the TRICARE Pharmacy Home Delivery and the non-TRICARE Network Retail pharmacies will provide DoD non-formulary medications.²⁵ Beneficiaries may obtain DoD non-formulary medications from the TRICARE Retail Pharmacy Network and the TRICARE Pharmacy Home Delivery, but TRICARE does not cover the cost of DoD non-formulary medications at the TRICARE Retail Pharmacy Network and beneficiaries must pay the full cost of the medication. Beneficiaries may fill DoD non-formulary medications from the TRICARE Pharmacy Home Delivery for a copayment and receive some cost savings compared to the TRICARE Retail Pharmacy Network. DoD MTF pharmacies do not stock DoD non-formulary medications, but may provide them for a patient if they meet medical necessity and prior authorization. This is a process that the provider must initiate with the pharmacy. The increased cost for DoD non-formulary medications at the TRICARE Retail Pharmacy Network and the increased coordination required at the DoD MTF Pharmacy, to receive the DoD non-formulary medication may lead many beneficiaries on

DoD non-formulary medications to obtain prescriptions through the TRICARE Pharmacy Home Delivery option.²⁶

Patient Survey

Two questions in the patient survey that went to Command and General Staff College officers ask where beneficiaries will get their prescriptions, since Walgreens no longer accepts TRICARE and the increase in copayments. Only active duty answered the survey, which only obtained the patient population that utilized the TRICARE Pharmacy Home Delivery point of service the least. In the survey, most beneficiaries would utilize a different TRICARE Retail Pharmacy if the retail pharmacy was no longer a TRICARE Retail Pharmacy and most beneficiaries, would obtain prescriptions at the DoD MTF Pharmacy due to the increase in TRICARE copayments (see table 17).

Table 17. Patient Survey and where Beneficiaries will fill Prescriptions due to TRICARE Changes

Question: Where would you fill your prescriptions, if your retail pharmacy no longer accepted TRICARE?		
Point of Service	Number of Beneficiaries	Percent
A different retail pharmacy that accepts TRICARE	28	70.00%
The TRICARE Pharmacy Home Delivery system (mail order)	2	5%
The MTF Pharmacy	9	22.50%
Other	1	2.50%
Total	40	100%
Question: Due to the changes in pharmacy copayments and the potential increase in copayments in the future, where do you foresee obtaining your prescriptions in the future?		
Point of Service	Total Responses	Percentage
DoD MTF Pharmacy	45	76.28%
TRICARE Pharmacy Home Delivery	7	11.86%
TRICARE Retail Pharmacy Network	5	8.47%
Other	2	3.39%
Total	59	100%

Source: Created by Author using the Command and General Staff College Patient Survey Data.

The patient survey shows that 70 percent of 40 beneficiaries chose to get their prescriptions from a different retail pharmacy, five percent chose to use the mail order pharmacy, and 22.5 percent chose to use the DoD MTF Pharmacy due to the disenrollment of a retail pharmacy from the TRICARE Retail Pharmacy Network.

The patient survey showed that 76 percent of 59 beneficiaries chose to obtain their prescriptions from the DoD MTF Pharmacy, 11.86 percent chose the TRICARE

Pharmacy Home Delivery, and 8.47 percent chose the TRICARE Retail Pharmacy Network due to the increase in TRICARE copayments.

The limitation to this data is that the survey went to active duty military, most with access to the DoD MTF pharmacies. Other TRICARE beneficiaries may not live close to a DoD MTF and therefore they may choose to use the mail order instead of the DoD MTF Pharmacy or other retail pharmacies. The patient survey did not capture the subset of patients that may utilize mail order over DoD MTF pharmacies.

TRICARE Management Activity Data

The data from the TRICARE Management Activity shows that the prescription workload from the retail network decreased and the TRICARE Pharmacy Home Delivery prescription workload increased significantly from FY 2011 to FY 2012 (see figures 3, 4, 5, 13, 14, 15, 16 and 17 and tables 7, 8 and 14). The data shows that across all services the TRICARE Pharmacy Home Delivery use increased from FY 2011 to FY 2012 using regression analysis on the data. The data also shows that the regression analysis for active duty population and non-active duty population separately does not show an increase in the TRICARE Pharmacy Home Delivery use. Comparison data for the non-active duty and family members from FY 2011 to FY 2012 does show an increase in the DoD MTF Pharmacy and the TRICARE Pharmacy Home Delivery, and a decrease in the TRICARE Retail Pharmacy Network (see table 8). Comparison data for the active duty and family members from FY 2011 to FY 2012 showed an increase in the DoD MTF Pharmacy prescription workload with the regression analysis using the October 2011 date. The regression analysis did not show any statistical significant increase or decrease in prescription workload for the TRICARE Retail Pharmacy Network or the TRICARE

Pharmacy Home Delivery for the active duty population and their family members (see table 8).

DoD MTF Pharmacy Data Survey Questions

The DoD MTF Pharmacy Data Survey does not provide information leading to the answer of whether there is an increase in prescription workload at the TRICARE Pharmacy Home Delivery.

DoD MTF Pharmacy Survey Workload Data

The DoD MTF Pharmacy Survey Workload Data shows the workload data for 10 DoD MTF pharmacies. This does not provide insight as to the workload at the TRICARE Pharmacy Home Delivery.

DoD MTF Pharmacy Transfer Data

The DoD MTF Pharmacy Transfer Data shows prescription transfer data for four DoD MTF pharmacies. This does not provide insight as to an increase in prescription workload at the TRICARE Pharmacy Home Delivery.

Has the Prescription Workload at the DoD MTF pharmacies Increased since the Increase in TRICARE Copayments and the Disenrollment of Walgreens from the TRICARE Retail Pharmacy Network?

Literature Analysis

There has been an increase in prescription workload at the DoD MTF pharmacies since 2008.²⁷ The literature also provides information that small monetary savings will not necessarily change where a patient fills their prescriptions.²⁸

TRICARE Management Activity Data

The data from the TRICARE Management Activity shows that there is not a statistical significant increase or decrease in prescription activity at the DoD MTF pharmacies since October 2011, and no statistical significant increase or decrease in prescription workload since January 2012. The prescription workload may be a result of many different variables.²⁹ The TRICARE Management Activity Data does not show a statistical increase in prescription workload using regression analysis, comparing FY 2011 to FY 2012 for each of the different branches of service (see figures 13, 14, 15, 16 and 17).

The data broken down into active and non-active duty and family member, based on the regression analysis from FY 2011 to FY 2012 does show that there is a statistical significant increase in prescriptions filled at the DoD MTF Pharmacy (see figure 3 and 4 and table 8). This data analysis for the active and non-active duty population shows the increase at the DoD MTF pharmacies, but only a slight increase. The percentage increase at the DoD MTF Pharmacy for active duty and their family members went from 65.68 percent in FY 2011 to 68.31 percent in FY 2012. The percentage increase at the DoD MTF Pharmacy for non-active duty and their family members went from 25.45 percent in FY 2011 to 26.25 percent in FY 2012 (see table 8).

DoD MTF Pharmacy Data Survey Questions

According to the DoD MTF Pharmacy Data Survey Questions 60 percent of the pharmacy chiefs felt that there was an increase in prescription workload due to the changes in TRICARE. Ten pharmacies provided their responses to the questions and seven pharmacy chiefs in their expert opinion felt that the increase in TRICARE

copayments would have an impact on the DoD MTF Pharmacy. Six of those pharmacy chiefs projected an increased workload in their expert opinion. This did not correlate with the workload data in many situations, since only four of the pharmacies had an increase prescription workload due to the TRICARE changes.³⁰

DoD MTF Pharmacy Survey Workload Data

The survey went to 24 different pharmacies. Ten provided their data. The data shows that four of the pharmacies had a statistically significant increase in prescription workload after the October 2011 TRICARE changes (see table 11 and figures 2, 11 and 12). Only one of the facilities was a large medical center. The other three facilities were smaller hospitals. Winn and Irwin Army Community Hospitals are located on posts that are home to Army Infantry Divisions, and William Beaumont Army Medical Center is located on a post that is home to an Army Armor dDivision.³¹ Dewitt is a new facility and is a joint operation.³² These posts have a large active duty population, which utilize the DoD MTF more frequently. The data does not necessarily show a direct correlation between the disenrollment of Walgreens and the increase in prescription copayments, but does show that the workload increased at these four facilities. Less than half that responded to the survey had an increase in prescriptions after October 2011. Two facilities had a decrease.

DoD MTF Pharmacy Transfer Data

Three DoD MTF pharmacies provided transfer data for the period prior to and after October 2011. None of the pharmacies had a statistical significant increase using ANOVA for the period prior to and after October 2011. The prescription transfer data

shows that there is a trend toward an increased number of prescription transfers for the DoD MTF pharmacies that were able to collect data on prescription transfers.

Has the TRICARE Retail Pharmacy Network Prescriptions
Decreased since the Change in TRICARE Copayments?

Literature Analysis

The literature shows that the TRICARE Retail Pharmacy Network prescriptions have increased since 2002 from approximately 28 million prescriptions to 79 million prescriptions. This was a 182 percent increase. This increase was due to the National Defense Authorization Act.³³ The data from the Military Health Conference 2012 shows that the prescription workload at the TRICARE Retail Pharmacy Network increased from FY 2002 through FY 2011.³⁴ The literature review does not include data for FY 2012, therefore it does not provide data on whether the prescription workload at the TRICARE Retail Pharmacy Network increased or decreased in FY 2012 after the TRICARE changes.

TRICARE Management Activity Data

The TRICARE Management Activity Data shows a statistical significant decrease in prescription workload through the TRICARE Retail Pharmacy Network. From FY 2011 to FY 2012 the TRICARE Retail Pharmacy Network decreased from 56 percent to 51.9 percent (see table 7). The regression analysis shows that this is a statistically significant decrease (see table 14 and figure 3). The TRICARE Management Activity Data for each branch of service also shows a statistically significant decrease in prescriptions filled at the TRICARE Retail Pharmacy Network (see figures 13, 14, 15, 16 and 17). The TRICARE Management Activity Data broken down by non-active duty and

family members show a statistical significant decrease in prescriptions filled at the TRICARE Retail Pharmacy Network, but the non-active duty does not have a statistically significant difference in TRICARE Retail Pharmacy use. The active duty beneficiary population does not utilize the TRICARE Retail Pharmacy Network as much as the non-active duty beneficiary population (see table 8).

DoD MTF Pharmacy Data Survey Questions

The DoD MTF Pharmacy Data Survey Questions did not ask questions about whether the TRICARE Retail Pharmacy Network prescription workload would decrease. The data did provide information, which projected that patients would potentially move from the TRICARE Pharmacy Network to the DoD MTF Pharmacy. The DoD MTF Pharmacy Data Survey does not provide information leading to the answer of whether there is a decrease in prescription workload at the TRICARE Retail Pharmacy Network.

DoD MTF Pharmacy Survey Workload Data

The DoD MTF Pharmacy Survey Workload Data provided data for DoD MTF pharmacies. This data does not provide information leading to the answer of whether there is a decrease in prescription workload at the TRICARE Retail Pharmacy Network.

DoD MTF Pharmacy Transfer Data

The DoD MTF Pharmacy Transfer Data provided data on the number of prescriptions transferred to the DoD MTF pharmacies. Only four pharmacies provided data. The data does show a trend of increasing prescription transfers. This data does not provide information leading to the answer of whether there is a decrease in prescription workload at the TRICARE Retail Pharmacy Network.

What Changes in the MTF may occur due to the Change in
Copayments and the Disenrollment of Retail Pharmacies
from the TRICARE Retail Pharmacy Network?

Literature Analysis

The literature shows that the copayments will continue to increase and or change in the future. The DoD is clear that its main goal is to decrease health care spending, and the best way to do this is by directing TRICARE beneficiaries to the least expensive option to obtain prescriptions, which is the DoD MTF Pharmacy and the TRICARE Pharmacy Home Delivery option. This decrease in spending will affect the DoD MTF Pharmacy. The DoD MTFs have limited budgets. Most of the budget is toward pharmaceutical expenditures. One way to recapture money is to bring more Medicare eligible beneficiaries into the DoD MTF pharmacies. This will provide Medicare-Eligible Retiree Health Care Fund reimbursement, which may help balance the increased workload and the need for additional funding.³⁵ Another change that DoD MTF pharmacies may need to consider is advertising the TRICARE Pharmacy Home Delivery option. This will help offset workload from the DoD MTF pharmacies and still save the DoD money. One way to do this is to set up a concierge desk with a full time staff member. The concierge could direct patients to complete the alternate insurance form, which could recapture money into the DoD MTF; they could help patients with formulary questions. The concierge could provide information on the TRICARE Pharmacy Home Delivery option for refills.³⁶

Due to the changes in TRICARE, the DoD MTF Pharmacy may need to reevaluate the prescription workflow for better efficiency. The pharmacy may need additional personnel, additional computer terminals, and additional workstations.

Potentially pharmacies would need to perform the Lean Six Sigma Process to analyze efficiency and workflow, or bring in an outside company to identify ways to improve efficiency.³⁷

The DoD MTF Pharmacy's expenditures will increase. This has been a trend since 2008 and will continue to increase if more patients utilize the DoD MTF Pharmacy. DoD MTF pharmacies will need to be vigilant on cost saving initiatives such as appropriate formulary management and purchasing contracted pharmaceuticals.³⁸ Formulary management will ensure the appropriate medications are available on the formulary, and that the pharmacy is being vigilant in screening prescriptions for prior authorizations, medical necessity, and quantity limits. The prior authorization, medical necessity, and quantity limits are in place to ensure that the patients are receiving the best therapeutic option for the best cost.³⁹ The DoD Defense Logistics Agency will need to continue to acquire contract pharmaceuticals and capture pharmaceutical rebates, to ensure the best cost to the DoD MTF pharmacies. Each DoD MTF Pharmacy purchases medications through a prime vendor. The DoD MTF Pharmacy saves a significant amount of money purchasing contracted medications. The pharmacy may benefit from the Defense Logistics Agency Troop Support's Medical Customer Pharmacy Operations Center, which can help the DoD MTF Pharmacy with procurement issues. This agency has saved DoD MTF pharmacies \$17 million the first two quarters of FY 2013.⁴⁰

TRICARE Management Activity is working on electronic prescribing from civilian providers into the DoD MTF Pharmacy. This option is not currently available, but electronic prescribing will increase the DoD MTF Pharmacy efficiency and safety, when available, by alleviating the need for the pharmacy to enter the prescription into the

computer system.⁴¹ Other changes would be a pharmacist ran concierge desk and a call center. The pharmacist at the concierge desk could identify and intercept problems without clogging up the In Windows at the pharmacy. Patients would have a choice to utilize the concierge desk to drop off their prescription or take a ticket and head into the patient queuing system. The concierge desk would help improve waiting times. The call center would help keep the phones at the pharmacy windows open to call providers about patient prescriptions. The call center could answer patients' and providers' formulary questions and a variety of other questions. Nursing staff would be able to use the call center to notify the pharmacy about discharge medications.⁴²

Patient Survey

The patient survey does not provide insight to any changes to the DoD MTF pharmacies as a result of the TRICARE changes.

TRICARE Management Activity Data

The TRICARE Management Activity Data provided data on the prescription workload at each point of service. It does suggest that there is an increase in prescription workload at the DoD MTF Pharmacy, but currently not a statistically significant increase in prescription workload overall and for each branch of service (see tables 7, and 14 and figures 13, 14, 15, 16 and 17).

DoD MTF Pharmacy Data Survey Questions

Based on information from the military treatment facilities, many are advertising to bring patients back into the MTF or to utilize the TRICARE Pharmacy Home Delivery. The DoD MTF Pharmacy Survey went to 24 different DoD MTF Pharmacy

chiefs. Ten pharmacies responded to the survey (see table 18). Seven of the DoD MTF Pharmacy Chiefs felt the TRICARE copayment increase would have an impact on the DoD MTF Pharmacy. The projected impacts were increased staffing, increased prescription workload, increased hours of operation, and increased waiting time. Eight of the DoD MTF Pharmacy Chiefs felt that there was an increase in prescription transfers since the disenrollment of Walgreens from the TRICARE Retail Pharmacy Network. Two of the DoD MTF Pharmacy Chiefs have already hired additional staff. Based on the survey data, only two DoD MTF pharmacies advertised the TRICARE changes (see table 19). Those two pharmacies did experience an increase in prescription workload from FY 2011 to FY 2012, but only one had a statistically significant increase using ANOVA analysis (see table 11 and figures 2, 11 and 12).

Table 18. DoD MTF Pharmacy Survey Response to the Impact on DoD MTF Pharmacies

DoD MTF Pharmacy	Have you noticed an increase in prescription transfers from Walgreens, since they disenrolled from the network on 1 January 2012?	Have you had to make recent changes to your pharmacy that may have been a result of the increase in copayments or the disenrollment of Walgreens from TRICARE?	Do you foresee an impact on the MTF Pharmacy due to the increase in copayments?
Medical Center #1	No	No	No
Medical Center #2	Yes	Yes	Yes
Medical Center #3	No	No	Yes
Army Community Hospital #1	Yes	Yes	Yes
Army Community Hospital #2	Yes	No	Yes
Army Community Hospital #3	Yes	No	Yes
Army Community Hospital #4	Yes	No	Yes
Army Community Hospital #5	Yes	No	No
Army Community Hospital #6	Yes	No	No
Army Community Hospital #7	Yes	No	Yes

Source: Created by Author from the DoD MTF Pharmacy Survey.

Table 19. DoD MTF Pharmacy Survey Response to Advertising

	Did you advertise to the local population after the copay increase about obtaining prescriptions from the MTF Pharmacy without copay?	Did you advertise to the local population after Walgreens disenrollment and obtaining prescriptions from the MTF Pharmacy without a copay?
Medical Center #1	NO	NO
Medical Center #2	YES	YES
Medical Center #3	NO	NO
Army Community Hospital #1	YES	YES
Army Community Hospital #2	NO	NO
Army Community Hospital #3	NO	NO
Army Community Hospital #4	NO	NO
Army Community Hospital #5	NO	NO
Army Community Hospital #6	NO	NO
Army Community Hospital #7	NO	NO

Source: Created by Author from the DoD MTF Pharmacy Survey.

DoD MTF Pharmacy Survey Workload Data

Based on the DoD MTF Pharmacy Survey Workload Data the impact on the DoD MTF pharmacies may be an increased prescription workload, although not statistically significant. Four of the 10 DoD MTF pharmacies had a statistically significant increase in prescription workload (see table 11 and figures 2, 11 and 12).

DoD MTF Pharmacy Transfer Data

Not all DoD MTF pharmacies track prescription transfer data. Four DoD MTF pharmacies provided transfer data. The prescription transfer data at each location seems to be increasing over time (see figure 1). Only one pharmacy had a statistically significant increase in prescription transfers, analyzing the data prior to and after January 2012 using ANOVA (see table 9). The TRICARE changes seem to impact the amount of prescriptions transferred to the DoD MTF pharmacies slightly. It is not known whether the increasing copayments over the next four years will show a more significant increase.

Why did Walgreens Disenroll from the TRICARE Retail Pharmacy Network and will other Retail Pharmacies follow suit?

Literature Analysis

Walgreens became a non-TRICARE Retail Pharmacy Network provider due to a disagreement with Express Scripts, the management activity for TRICARE. Walgreens felt that Express Scripts was not reimbursing them as much as their other customers. Express Scripts felt that Walgreens was charging more than their other network pharmacies for the same service.

It is clear that Walgreens was willing to keep its military beneficiaries. They tried on several occasions to provide discounts for the military beneficiary population.⁴³ In July 2012, Walgreens and Express Scripts did sign another contract and reach an agreement, which will allow Express Scripts customers to choose whether their beneficiaries use Walgreens pharmacies beginning 15 September 2012.⁴⁴ TRICARE will not keep Walgreens in the TRICARE Retail Pharmacy Network. Based on the literature analysis, it is unlikely that other retail pharmacies will follow suit. Walgreens shares and

total sales decreased in 2012, which is due in part to the failed negotiations with Express Scripts. CVS, another retail pharmacy had their shares increase. Walgreens lost a significant amount of patients due to the failed negotiation, and they are trying to recoup those patients. It is unlikely Walgreens will recapture the TRICARE beneficiaries at this point, since TRICARE will not add Walgreens back into their TRICARE Retail Pharmacy Network. In FY 2011, TRICARE beneficiaries attributed to 17 percent of the Walgreens' total prescription workload.⁴⁵ Other retail pharmacies that fail to reach an agreement with Express Scripts will lose not only TRICARE beneficiaries, but approximately 40 percent of the retail prescription workload, which would not benefit their business.⁴⁶

Patient Survey

The patient survey does not provide insight to whether other retail pharmacies will opt out of the TRICARE Retail Pharmacy Network.

TRICARE Management Activity Data

The TRICARE Management Activity Data provides information on the amount of prescriptions filled at Walgreens prior to the disenrollment and after the disenrollment. In FY 2011, Walgreens filled approximately 22.65 percent of the total prescriptions filled at the TRICARE Retail Pharmacy Network. In FY 2012 only 4.36 percent filled their prescriptions at Walgreens (see table 13). Due to the increase in copayments and the disenrollment of Walgreens from the TRICARE Retail Pharmacy Network, the percent of prescriptions filled at the TRICARE Retail Pharmacy Network went from 56 percent to 51.9 percent, which was a significant decrease in the number of prescriptions filled at the

TRICARE Retail Pharmacy Network (see tables 7 and 14). This decrease in prescriptions filled at the retail pharmacies would not benefit them financially. It is unlikely, based on this data, that other retail pharmacies would follow suit.

DoD MTF Pharmacy Data Survey Questions

The DoD MTF Pharmacy Data Survey Questions asked pharmacy chiefs questions about any prescription transfers. This data does not provide insight as to whether other retail pharmacies will opt out of the TRICARE Retail Pharmacy Network.

DoD MTF Pharmacy Survey Workload Data

The DoD MTF Pharmacy Survey Workload Data does show a slight increase in prescription workload at the DoD MTF pharmacies. This shift could be due to the disenrollment of Walgreens from the TRICARE Retail Pharmacy Network. Five pharmacies had a statistically significant increase in prescription workload, analyzing prescription workload prior to and after January 2012 using ANOVA analysis (see table 16). This shift to the DoD MTF pharmacies would not be beneficial to the retail pharmacies.

DoD MTF Pharmacy Transfer Data

The DoD MTF Pharmacy Transfer Data showed a significant increase in the prescription transfers at one pharmacy, analyzing prior to and after January 2012. The data shows an increasing number of prescription transfers at the DoD MTF pharmacies overall, but only one was significant (see figure 1 and table 9). The increase in prescription transfers may be due to the disenrollment of Walgreens from the TRICARE

Retail Pharmacy Network. It is not beneficial for retail pharmacies to lose their workload to the DoD MTF pharmacies.

¹Under Secretary of Defense (Comptroller)/Chief Financial Officer, 5-3 - 5-4; Kime, “Tricare Costs Would Jump in Budget Plan.”

²Department of Defense, *Quadrennial Defense Review Report*, 79; Peterson.

³Government Accountability Office, *TRICARE Cost-Sharing Proposals Would Help Offset Increasing Health Care Spending, but Projected Savings Are Likely Overestimated*, 8, 16; Khandelwal et al., 247-255; Philpott; National Community Pharmacists Association; “How Mail-Service Pharmacies Will Save \$46.6 Billion Over the Next Decade and the Cost of Proposed Restrictions,” Research by Visante, Released by Pharmaceutical Care Management Association, 21 February 2012, <http://www.prweb.com/releases/2012/2/prweb9214574.htm> (accessed 20 November 2012); Moore-Velbis.

⁴Boehringer Ingelhiem Pharmaceuticals, 2-142.

⁵Andrea Linton et al., “Factors Associated With Choice of Pharmacy Setting Among DoD Health Care Beneficiaries Aged 65 Years or Older,” *Journal of Managed Care Pharmacy* 13, no. 8 (October 2007): 677-686.

⁶Moore-Velbis.

⁷The Department of Defense Pharmacoeconomic Center, 1 November 2012, <http://pec.ha.osd.mil/CDMART/default.php> (accessed 19 November 2012).

⁸Jeffrey A. Johnson et al., “A Comparison of Satisfaction with Mail Versus Traditional Pharmacy Services,” *Journal of Managed Care Pharmacy* 3, no. 3 (May/June 1997): 327-337; National Community Pharmacy Association; Boehringer Ingelhiem Pharmaceuticals, 12.

⁹McGinnis, “Overview on DoD Pharmacy,” 18.

¹⁰Khandelwal et al., 247-255.

¹¹Roger F. Williams, “MAJ Hager Research Report Oct 2010-Sep 2012.xls,” TRICARE Management Activity, PPTS data.

¹²Dorland's Medical Dictionary for Health Consumers, s.v. “P Value,” <http://medical-dictionary.thefreedictionary.com/P+value> (accessed 9 November 2012).

¹³*Ibid.*

- ¹⁴McGinnis, “DoD Pharmacy Program Overview,” 10.
- ¹⁵*Ibid.*, 8.
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CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The researcher sought to discover if the recent changes in TRICARE would have an impact at DoD MTF pharmacies. The researcher utilized both qualitative and quantitative methods to answer whether there was an impact, which is the main research question. The researcher also utilized quantitative and qualitative methods to answer the secondary questions, which provided insight to the main research question.

TRICARE copayments will continue to increase in the future. The DoD must save money, and will continue to recommend changes to the TRICARE copayment structure. The president and the DoD will continue to develop strategies to cut costs and one of the main strategies to decrease costs in the DoD is to increase TRICARE copayments.

Patients prefer the community pharmacy or retail pharmacy instead of other points of service, but patients' preference differs for many reasons such as cost, convenience, pharmacist-patient interaction, and waiting time. In the DoD system, even with the zero copayment in the DoD MTF Pharmacy, the aggregate TRICARE data showed that TRICARE beneficiaries choose TRICARE Retail Network Pharmacy, over the DoD MTF Pharmacy. The data does show that active duty and family members prefer DoD MTF Pharmacy and non-active duty beneficiaries prefer TRICARE Retail Pharmacy Network, but there was a statistically significant increasing use of non-active duty and family members to use the DoD MTF Pharmacy. The data also showed that the number of prescriptions filled at the TRICARE Retail Pharmacy Network decreased and

the TRICARE Pharmacy Home Delivery increased. The changes in TRICARE at this point did not show a change in preference.

The researcher analyzed the different points of service, DoD MTF Pharmacy, TRICARE Pharmacy Home Delivery, and TRICARE Retail Pharmacy Network, for any increase or decrease due to the TRICARE copayment changes and the disenrollment of a retail pharmacy from the TRICARE Retail Pharmacy Network. DoD MTF Pharmacy prescription workload increased slightly, but it was not statistically significant overall. The TRICARE Retail Pharmacy Network did have a statistically significant decrease in prescription workload. TRICARE Pharmacy Home Delivery prescription workload did have a statistically significant increase. The cost benefit may not have been large enough to change beneficiary preference.

The data does not specifically state where Walgreens patients are filling their prescriptions at this time, but many patients did switch to the TRICARE Pharmacy Home Delivery. The data also shows that those active duty beneficiaries that utilized Walgreens in the last six months went to the DoD MTF Pharmacy to fill their prescriptions. It is unknown where non-active duty beneficiaries will fill their prescriptions, but based on the data there is a shift to the DoD MTF Pharmacy and the TRICARE Pharmacy Home Delivery for this patient population.

The TRICARE Pharmacy Home Delivery use has increased since the changes in TRICARE copayments in October 2011, and the disenrollment of a retail pharmacy from the TRICARE Retail Pharmacy Network. According to the data, there has been a 29 percent increase in prescription workload since FY 2011. TRICARE beneficiaries are not utilizing the TRICARE Retail Pharmacy Network as much as in previous years.

Currently, the workload at the DoD MTF pharmacies, using the aggregate data, did not have a statistically significant increase, due to the recent changes in TRICARE copayments and the disenrollment of a retail pharmacy from the TRICARE Retail Pharmacy Network. Active duty plus family, and non-active duty plus family data showed a statistically significant increase in prescription workload at the DoD MTF Pharmacy. Some recommended changes, if the workload does increase in the future or not, include streamlining patient flow at the DoD MTF Pharmacy windows by using a pharmacist workstation in the waiting area to help filter patients. Another change could include using one pharmacy for all new paper prescriptions and using a mandatory, call in refill system.

The data shows a statistically significant prescription workload decrease at the TRICARE Retail Pharmacy Network, since the recent changes to TRICARE. Since 2002, the TRICARE Retail Pharmacy Network increased 182 percent through FY 2011. The most recent data shows a seven percent decrease from FY 2011 to FY 2012. Patients are shifting from the TRICARE Retail Pharmacy Network to a DoD MTF Pharmacy or TRICARE Pharmacy Home Delivery.

Based on the DoD MTF Survey Data, most pharmacy chiefs felt TRICARE changes would have an impact on the pharmacy, but only two pharmacies, as of FY 2012, had to hire additional staff as a response to the TRICARE changes. Some other changes, based on the literature for an increasing workload include e-prescribing, concierge desk, call center, and increased contract compliance to reduce costs.

Walgreens did not wish to lose TRICARE beneficiaries, but originally failed to reach an agreement with Express Scripts, the benefit manager for TRICARE. This failed

negotiation in January 2012, meant that Walgreens was not included in the TRICARE Retail Pharmacy Network. Once Walgreens and Express Scripts reached negotiations in September 2012, TRICARE chose not to include Walgreens in the TRICARE Retail Pharmacy Network. Walgreens lost a significant patient workload due to their disenrollment from the TRICARE Retail Pharmacy Network. It is unlikely that other retail pharmacies will follow suit.

Will the increase in copayments, and the disenrollment of a retail pharmacy from the TRICARE Retail Pharmacy Network, impact the DoD MTF Pharmacy? The short answer to the question is that the recent changes to TRICARE, as of FY 2012, only had a minimal impact on DoD MTF pharmacies, but the trend is that the workload will continue to increase as the copayments increase each FY. The impact on the DoD MTF pharmacies include, increased workload, increased prescription transfers, and increased patients over 65 years of age. The workload at four DoD MTF pharmacies did have a significant increase. There is also a slight shift, from the TRICARE Retail Pharmacy Network to the DoD MTF Pharmacy, for the non-active duty beneficiaries and their families to obtain their prescriptions. The slight shift in workload may affect the pharmacy waiting times. DoD MTF pharmacies may need to develop ways to improve waiting times, while ensuring patient safety. If prescription transfers continue to increase, then this may also increase waiting time and tie up pharmacists on the telephone. The data does show an increasing prescription workload trend for those that did track prescription transfers. The DoD MTF may need an increased formulary at the local level, since the number of patients over 65 using the DoD MTF Pharmacy has increased

significantly. These patients also have multiple prescriptions and therefore, this may inadvertently increase patient wait times and overwhelm the DoD MTF Pharmacy staff.

Recommendations

Due to the continual changes to TRICARE copayments over the next few years, the best option is to trend the data, over the next few years, to determine if there is an increase in the number of prescriptions filled at the DoD MTF pharmacies. It is also important to look at the overall drug costs at each point of service, to see if there is a cost benefit to the DoD of using one point of service over another. The cost analysis for the DoD MTF pharmacies may need to include whether renovations or additional personnel were required to accommodate any increase in workload, as well as the pharmaceutical costs. The data should also include any cost reimbursement, such as Medicare-Eligible Retiree Health Care Fund. Once this data is collected, the DoD leadership and pharmacy leadership may push out the information and provide guidance to the DoD MTF Commanders and DoD MTF Pharmacy Chiefs to ensure appropriate communication at all levels as to which point of service to market the most. If the cost analysis shows that the DoD MTF Pharmacy is the best option, leadership should provide guidance at each of the DoD MTF pharmacies on different ways to bring more TRICARE beneficiaries to those pharmacies. Such as communicating the DoD non-formulary process to the local community providers, increasing customer service, and advertising.

Another recommendation is to develop a standardized method to track prescription transfers. This data would benefit the pharmacy chief to determine where prescriptions an increase or decrease in transfers. This would also provide the pharmacy

chief information about which beneficiaries are transferring medications back into the DoD MTF Pharmacy from the TRICARE Retail Pharmacy Network.

Another recommendation is to trend the number of beneficiaries over 65 years of age, to determine if they are compliant with their medications, since the TRICARE copayments are increasing. There was a decrease in the number of prescriptions in FY 2012 compared to FY 2011. The normal trend for prescription workload is an increase, due to the increasing age of the population.

Another recommendation is to determine whether patients chose a particular point of service based on geographic location, such as larger cities versus smaller cities. This study should also include the number of patients in the catchment area and those that live outside the catchment area. This will provide insight as to whether a community based DoD MTF Pharmacy is beneficial.

The final recommendation may include investing time and resources to develop a more efficient DoD MTF Pharmacy. This may include renovations, reallocating resources at the different satellite pharmacies to better align staffing with the workload, and implementing processes and procedures to help with patient flow. Some examples may include assigning a pharmacy for hard copy prescriptions, TRICARE's electronic prescribing initiatives to reduce paper prescriptions, concierge desks and designated pharmacy call center to redirect patient flow.

APPENDIX A

PTDS DATA USE AGREEMENT



DATA SHARING AGREEMENT (DATA USE AGREEMENT FOR A LIMITED DATA SET)

The Applicant and Government Sponsor, as identified and defined in the Data Sharing Agreement Application ("DSAA"), enter into this Data Sharing Agreement ("DSA") with TRICARE Management Activity ("TMA"). The purpose of this DSA is to ensure compliance with applicable regulatory requirements, including the Privacy Act of 1974, as amended (5 USC § 552a), implemented through Department of Defense ("DoD") Privacy Program (DoD 5400.11-R), and the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") Privacy Rule and Security Rules (45 CFR Parts 160 and 164, Subparts A and C), implemented through DoD Health Information Privacy Regulation (DoD 6025.18-R) and DoD Health Information Security Regulation (DoD 8580.02-R) respectively. **This DSA represents the equivalent of the regulatory required Data Use Agreement for a Limited Data Set pursuant to the HIPAA Privacy Rule and DoD 6025.18-R.**

1. **DSA #12-955.** Based on data elements set forth in the Data Request Templates and/or the Applicant's level of access to systems owned and/or managed by TMA, the TMA Privacy and Civil Liberties Office ("Privacy Office") has determined that your request is for a **Limited Data Set** ("LDS") as defined by the HIPAA Privacy Rule at 45 CFR §164.514(e)(2) and DoD 6025.18-R at C8.3. The aforementioned DSAA is hereby approved and the Applicant is hereinafter referred to as the "Recipient". The Recipient acknowledges and understands that:
 - a. The above-referenced DSAA set forth as **Attachment A**, including all applicable Data Request Templates, is hereby incorporated by reference, and all information contained in the DSAA is relied upon in executing this DSA.
 - b. Data needed for the Recipient's contract, grant, Cooperative Research and Development Agreement ("CRADA"), or other project that is not owned and/or managed by TMA will require separate permission from each of the respective non-TMA system owners and/or managers.
2. **Scope.** The Recipient seeks to receive a LDS from TMA for the sole purpose of **[SELECT ONE: ☒ research | ☐ public health | ☐ healthcare operations]**, excluding the 16 direct identifiers outlined in the HIPAA Privacy Rule and DoD 6025.18-R of the individual or of relatives, employers, or household members of the individual. The parties acknowledge and recognize that this DSA only pertains to the Privacy Office's compliance review of the data requested by the Recipient. This DSA does not authorize access to or otherwise provide an extraction of the requested data. Access to or extraction of data is handled through separate offices within the Military Health System.
3. **Minimum Necessary Information.** The Recipient represents that the data requested is limited to only that which is minimally necessary to accomplish Recipient's purpose as set forth in this DSA and in the DSAA (**Attachment A**).
4. **Obligations of Recipient.** The Recipient agrees to the following:

Data Use Agreement for a Limited Data Set, Last Update 2/8/12

TMA Privacy and Civil Liberties Office * 5111 Leesburg Pike * Suite 810 * Falls Church, VA * 22041
<http://www.tricare.mil/tma/privacy/>

- a. Not to use or further disclose the information other than as permitted by this DSA or as otherwise required by law.
 - b. Use appropriate administrative, technical, and physical safeguards to protect the confidentiality of the LDS and to prevent use or disclosure of the information other than as provided by this DSA.
 - c. Promptly report to the Privacy Office any use or disclosure of the information not provided for by this DSA of which it becomes aware and take reasonable steps to limit any further use or disclosure.
 - d. Ensure that any agents, including subcontractors, to whom the Recipient provides the LDS agree to the same restrictions and conditions that apply to the Recipient of the LDS with respect to such information; and
 - e. Not to identify or re-identify the information or contact any specific individual whose record is included in the LDS.
5. **Responsibilities of Recipient and Government Sponsor.** Recipient, referred to as "Applicant" in the DSAA, and Government Sponsor are required to carry out the responsibilities set forth in Appendix A of the DSAA which is included as **Attachment A**.
6. **Limitation of Use and Disclosure.** The Recipient must not use, disclose, market, release, show, sell, rent, lease, loan, or otherwise grant access to the data specified in this DSA, except as expressly permitted herein or otherwise required by law.
7. **Reporting Requirements.** The Recipient must promptly provide notice of any actual or possible breach, including any use or disclosure of the information not provided for by this DSA of which it becomes aware. A breach is defined as an actual or possible loss of control, unauthorized disclosure of, or unauthorized access to, personal information where persons other than authorized users gain access or potential access to such information for other than authorized purposes and where one or more persons will be adversely affected. Recipient agrees to follow breach reporting requirements as established by the DoD 5400.11-R and the OSD Memorandum "Safeguarding Against and Responding to the Breach of PII" which can be found at <http://www.tricare.mil/tma/privacy/breach.aspx>. If an actual or possible compromise of data occurs, the event must be treated as a breach, and the following two notices are required: (1) Within one hour of discovery of an actual or possible breach, the Recipient must complete and submit the online notice form at <http://www.us-cert.gov>; and, (2) Within 24 hours of discovery, the Recipient must complete the TMA Breach Report Form and email the form to PrivacyOfficerMail@TMA.osd.mil or report by phone at (703) 681-7500. Breaches that are otherwise subject to notification and reporting requirements under Section 13402 of the Health Information Technology for Economic and Clinical Health Act ("HITECH Act") will be addressed by the Privacy Office.
8. **Effective Date, Retention/Expiration Date, and Termination.**
- a. **Effective Date and Retention/Expiration Date.** This DSA becomes effective upon signature by the Director, Privacy Office ("Effective Date"). It will remain in force, and all data subject to this DSA, unless renewed, may be retained for: (i) one (1) year; or, (ii) until the end of the contract period of performance, whichever comes first. The DSA expiration date is 9/30/13.

- b. **Termination for Cause.** Upon knowledge of a material breach by the Recipient, the Privacy Office reserves the right to terminate this DSA immediately.
 - c. **Effect of Expiration or Termination.** The Recipient agrees to promptly notify the Privacy Office when its use of the data is no longer necessary, if such use is completed before the Retention/Expiration Date. The Recipient further agrees to submit a completed DSA – Certification of Data Disposition template, available on the Privacy Office's Website at <http://www.tricare.mil/tma/privacy/Templates.aspx>, within thirty (30) days of the Retention/Expiration Date or the date of notification that the data are no longer necessary, *whichever comes first*.
9. **Certification of Data Disposition.** The Recipient agrees to dispose of all electronic and hard copy data, including derivative data and data in the possession of any business associate(s), agent(s), or subcontractor(s) as specified in the subsections below and set forth in the DSA – Certification of Data Disposition. Should Recipient indicate that there are no data for disposition, Recipient understands that it will be required to certify that no data, including derivative data, were ever downloaded or maintained locally in any form or format by a business associate, agent, or subcontractor or were ever printed in hard copy. The Recipient agrees not to retain TMA data or any parts thereof, after the data are disposed of and a completed DSA – Certification of Data Disposition is received by the Privacy Office.
- a. **Data Destruction.** Recipient agrees to shred or burn hard copy files/data and to overwrite, degauss (i.e., demagnetize), and/or physically destroy electronically stored media. [Note: Clearing data (i.e., deleting files) is not an approved method of sanitizing electronic storage media.]
 - b. **Data Return.** Recipient is required to return data to TMA, if it receives specific written instruction for data return.
 - c. **Data Transfer.** Recipient may transfer data to another executed DSA only upon prior approval by the Privacy Office.
10. **Modification, Renewal and Extension.**
- a. **Modification.** This DSA may be modified at any time, as necessary, by completing the DSA – Modification Request template available on the Privacy Office's website at <http://www.tricare.mil/tma/privacy/Templates.aspx>. Any such modifications shall not alter the Effective Date or Retention/Expiration Date, unless such modification requires a new DSAA and DSA.
 - b. **Renewal.** This DSA may be renewed annually, as necessary, by completing the DSA – Renewal Request template available on the Privacy Office's website at <http://www.tricare.mil/tma/privacy/Templates.aspx>. This DSA will automatically renew annually provided that a renewal request is approved by the Privacy Office.

- c. **Extension.** An extension of a previously executed DSA may be requested by completing the DSA – Extension Request template available on the Privacy Office's website at <http://www.tricare.mil/tma/privacy/Templates.aspx>. This DSA will automatically extend to the period indicated in the template, upon approval of the DSA – Extension Request.

11. **Compliance with Laws.** As applicable, all parties to this DSA are equally responsible for ensuring that the data are protected in accordance with all applicable privacy and security laws, including the Privacy Act of 1974, HIPAA, HITECH Act, the E-Government Act of 2002, Title III, and the Federal Information Security Management Act. Any parties that are components within DoD are likewise responsible for adherence to any and all applicable and associated DoD implementation regulations or issuances.

12. **Ambiguity.** Any ambiguity in this DSA shall be resolved to permit TMA to comply with the laws and regulations outlined in Section 11.

The undersigned individuals hereby attest that they are authorized to enter into this DSA on behalf of their respective organizations and agree to all the terms specified herein. The Recipient and Government Sponsor understand that this DSA is binding upon and will inure to the benefit of the Recipient and Government Sponsor and their respective successors and/or assignees.

Applicant / Recipient

Veronica L Hager
Signature

Veronica L Hager
Printed Name

MAJ Pharmacist
Rank/Title

30 Oct 2012
Date

Government Sponsor

Mark D Krueger
Signature

Mark D. Krueger
Printed Name

LTC / chief, Dept of Pharmacy
WB Amc, Fort Bliss, TX
Rank/Title

4 Oct 2012
Date

TMA Privacy and Civil Liberties Office

Signature

Linda S. Thomas
Director,
TMA Privacy and Civil Liberties Office
5111 Leesburg Pike, Suite 810
Falls Church, VA 22041
Phone: 703-681-7500

Date ("Effective Date")

Data Use Agreement for a Limited Data Set, Last Update 6/1/11

TMA Privacy and Civil Liberties Office * 5111 Leesburg Pike * Suite 810 * Falls Church, VA * 22041
<http://www.tricare.mil/tma/privacy/>

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APPENDIX B

DoD MTF PHARMACY SURVEY WORKLOAD DATA

Total Number Prescriptions	
MTF	
	Oct 2010 through July 2012 by Month
BAMC	
Carl R. Darnall AMC	
Eisenhower AMC	
Landstuhl AMC	
Madigan AMC	
Tripler AMC	
Walter Reed National Military MC	
William Beaumont AMC	
Womack AMC	
Alaska MEDDAC	
Blanchfield ACH, Ft Campbell	
Dewitt ACH, Ft Belvoir	
Dunham USAHC	
Fort Drum MEDDAC	
Fox Army Health Center, Redstone	
Ft Rucker	
Ireland ACH, Ft Knox	
Keller ACH, West Point	
Lawrence AHC, Ft McPherson	
Martin ACH, Ft Benning	
Moncrief ACH, Ft Jackson	
Munson AHC, Ft Leavenworth	
Presidio	
Weed ACH, Ft Irwin	
Winn ACH, Ft Stewart	
Irwin ACH	

APPENDIX C

DoD MTF PHARMACY TRANSFER DATA SURVEY REFERENCE LIST

Total Number Prescription Transfers																
MTF																
	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12
BAMC																
Carl R. Darnall AMC																
Eisen-hower AMC																
Landstuhl AMC																
Madigan AMC																
Tripler AMC																
Walter Reed Na-tional Military MC																
William Beaumont AMC																
Womack AMC																
Alaska MEDDAC																
Blanch-field ACH, Ft Campbell																
Dewitt ACH, Ft Belvoir																
Dun-ham USAHC																
Fort Drum MEDDAC																
Fox Army																

Health Center, Redstone																
Ft Rucker																
Ireland ACH, Ft Knox																
Keller ACH, West Point																
Lawrence AHC, Ft Mc-Pherson																
Martin ACH, Ft Benning																
Moncrief ACH, Ft Jackson																
Munson AHC, Ft Leavenworth																
Presidio																
Weed ACH, Ft Irwin																
Winn ACH, Ft Stewart																
Irwin ACH																

APPENDIX D

DoD MTF PHARMACY DATA SURVEY QUESTIONS

Have you noticed an increase in prescription transfers since October 2011?
a. Yes
b. No
Have you noticed an increase in prescription transfers since January 2012?
a. Yes
b. No
Have you noticed an increase in prescription transfers from Walgreens, since they disenrolled from the network on 1 January 2012?
a. Yes
b. No
If your answer is yes, Please provide your data.
Did you advertise to the local population after the copay increase about obtaining prescriptions from the MTF Pharmacy without copay?
a. Yes
b. No
Did you advertise to the local population after Walgreens disenrollment and obtaining prescriptions from the MTF Pharmacy without a copay?
If your answer is yes to the last two questions, Where did you advertise?
a. Internet
b. Television
c. Radio
d. Newspaper
e. Other
If your answer is yes to the last two questions, How often did you advertise?
a. One
b. Two
c. Three
d. Other
Please submit a copy of the advertisement if possible.

Do you foresee an impact on the MTF Pharmacy due to the increase in copayments?
a. Yes
b. No
If your answer is yes, What changes do you foresee?

Have you had to make recent changes to your pharmacy that may have been a result of the increase in copayments or the disenrollment of Walgreens from TRICARE?
a. Yes
b. No
If your answer is yes, then what changes have you made?

APPENDIX E

PATIENT SATISFACTION SURVEY

Purpose: The purpose of this research is to determine the potential combined effects that changes in the TRICARE pharmacy co-payment structure and the disenrollment of a significant retail pharmacy, specifically Walgreens, from the network will have on the Department of Defense (DoD) Military Treatment Facilities (MTF). The data will provide information on patient preference in regards to where they will fill their prescriptions based on changes occurring with the TRICARE pharmacy benefits.

Disclosure Statement: The data from this survey is completely confidential. Data from this survey will be used solely by the individual conducting the research and the committee overseeing the research. Your participation is completely voluntary and you are free to withdraw at any time. The 19 Questions should take no more than 30 minutes. This survey has been approved by CGSC QAO. The control number is #12-08-089.

Do you wish to proceed with the survey?

Yes

No

How many dependents do you have?

None

1

2

3

Other

Demographics

Active Duty

Retiree

Active Duty Family Member

Retiree Family Member

Other

What is your age?

Less than 21 years

22 to 31 years

32 to 41 years

42 to 51 years

51 to 65 years

Greater than 65 years

Gender

Female

Male

What is your annual household income?

\$10,000 to \$30,000

\$30,000 to \$50,000

\$50,000 to \$80,000

\$80,000 to \$100,000

Over \$100,000

What is or was your branch of service?

Army

Navy

Marines

Air Force

Other

Where do you prefer to fill your prescriptions?

Military Treatment Facility Pharmacy

TRICARE Pharmacy Home Delivery (Mail Order)

Retail Pharmacy (ie Walgreens) using TRICARE benefits

Other

Have you ever filled your prescriptions at a retail pharmacy using your TRICARE pharmacy benefits?

Yes

No

TRICARE has a Pharmacy Home Delivery System that will fill prescriptions with some limitations and send them to the address given. The TRICARE Pharmacy Home Delivery System will send 90 days of a generic medication at no cost, brand name medications for \$9, and non-formulary medications for \$25. Have you ever used the TRICARE Pharmacy Home Delivery (mail order)?

Yes

No

Recently, Walgreens opted out of the TRICARE retail pharmacy network, and is no longer a pharmacy that accepts TRICARE. Where would you fill your prescriptions, if your retail pharmacy no longer accepts TRICARE?

A different retail pharmacy that accepts TRICARE

The TRICARE Pharmacy Home Delivery system (mail order)

The Military Treatment Facility Pharmacy

Continue to use the same retail pharmacy using alternate insurance

Other

Recently there was an increase in TRICARE pharmaceutical copayments at retail pharmacies and the TRICARE Pharmacy Home Delivery. The cost to fill prescriptions at a retail pharmacy is \$5 for generic medications, \$12 for brand name medications, and \$25 for non-formulary medications for a 30 day supply. The TRICARE Pharmacy Home Delivery will send a 90 day supply of generic medication at no charge, brand name medications for \$9, and non-formulary medications for \$25. Patients that fill prescriptions at the Military Treatment Facility Pharmacy will receive up to 90 days of most medications and certain over-the-counter medications at no charge. There is discussion in congress to increase the copayments in the future in the retail and mail order setting. Due to the changes in pharmacy copayments and the potential increase in copayments in the future, where do you foresee obtaining your prescriptions in the future?

Retail Pharmacy

TRICARE Pharmacy Home Delivery

Military Treatment Facility Pharmacies

Other

Did you use a Walgreens Pharmacy to fill your prescriptions in the period from 1 June 2011 to 31 December 2011?

Yes

No

How many prescriptions did you obtain from Walgreens?

One

Two

Three

Other

Do you still obtain your prescriptions from Walgreens?

Yes

No

Where have you chosen to obtain those prescriptions that you previously obtained at Walgreens?

Military Treatment Facility

TRICARE Retail Pharmacy

TRICARE Pharmacy Home Delivery (Mail Order)

Other

Which retail pharmacy do you use to fill your prescriptions now that Walgreens no longer accepts TRICARE?

Thank you for participating in this survey.

Please click "Finish" to submit your responses.

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